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Jaunarena on Key Issues Facing His Ministry
33480043a Buenos Aires EL PERIODISTA
in Spanish 6-12 Nov 87 p 40

[Interview with Defense Minister Horacio Jaunarena by Oscar Raul Cardozo; date and place not indicated]

[Text] In an exclusive interview with EL PERIODISTA Minister Horacio Jaunarena reviewed the main problems in the area of defense and their evolution, the points of agreement with Peronism, the Argentine people's perception of the Due Obedience Law and military relations with the United States.

[Question] Over the last few months it would seem as if the military problem, after the April crisis and its repercussions, has cooled down. At least it seems to have given way to another problem. Is this perception in keeping with the facts?

[Answer] Yes, that perception is in line with an objective fact: the military issue commands less space in the news. There is greater calm in this area, and this stands to reason. The events of Holy Week were disquieting enough for the sector to return slowly to normalcy. Only an artificial calm could have been expected to return suddenly overnight.

[Question] What factors were at work to bring about this cool-down?

[Answer] There are several. As of Holy Week the society as a whole realized that we have a problem to resolve and that we are resolving it. This means that society is addressing the problem more carefully, and at the same time this is the result of what I think is a prudent and firm handling of the military sector.

[Question] Other indicators are noteworthy as well. After 4 years of reciprocal charges about their respective positions on the military issue and at a juncture at which the government is seeking to negotiate with the opposition, the defense area is apparently revealing itself as the only one in which an ongoing dialogue is taking place between Radicals and Renewal Peronists...

[Answer] That's true. The dialogue that we are conducting (with Renewal Peronism) is ongoing and, moreover, it is effective and leads somewhere. I think that this could be repeated in other areas, but it has come to pass now in defense. It is positive for the two largest parties to develop common perceptions, because it means that we have realized how important this issue is for the definitive organization of democratic society and because we have found deep-seated common ground in the dialogue. This has also been possible because the evolution of this dialogue has enabled us to reduce the emotional content that the issue has because of our recent past.

[Question] One of the charges that Radicals and Peronists have hurled at each other, especially after the Holy Week crisis, is that they have made independent wagers on what is generically, and vaguely, called "the military internal election" [la interna militar]. Has this also changed?

[Answer] The frank dialogue and the two parties' knowledge of each other, on the basis of clear-cut positions and attitudes, have enabled a climate of trust to develop.

[Question] How do you think the Armed Forces feel about this dialogue between the two political parties?

[Answer] What they perceive is that the two largest parties are realizing how important the defense system is for society. And this can only be seen as a positive development by all, whether they are in uniform or civilians. One of the features of our history has been the absence of a civilian philosophy on the defense problem, and this was good for no one. Some of the experiences of the past prompted a sort of reluctance, at times an unconscious reluctance, among civilians to delve deeply into defense issues. Today we perceive that the defense problem is the common patrimony of all and that it requires the development of a serious civilian philosophy.

[Question] Have the Radicals and Peronists made mutual concessions on this issue?

[Answer] I think that we have to speak of concessions to common sense, to a common interpretation of reality, to the need for substantive accords. I don't think that it's appropriate to speak of mutual concessions...

[Question] Yet in the case of the defense bill, which the administration has had on ice in Congress since 1984, there is talk today of eliminating the "hypothesis of internal conflict" that was introduced into the Senate at the urging of Radical lawmakers, among others...

[Answer] What was needed here was to clarify the terms of the debate. This can be done only in light of the experiences that our society has had in recent times. Owing to this recent experience, when sectors, all sectors, discuss the possibility of the Armed Forces intervening in an internal conflict, they are debating the past, not the future. And what we have to do, without hiding the past from ourselves, is legislate the future. The "internal conflict hypothesis" is not at issue in the defense law. The constitution sets forth the circumstances in which the president can appeal to the Armed Forces to confront an internal conflict. If this is made clear, accords can be reached on this matter.

[Question] What was the relationship between the election results on 6 September and the due obedience law?

[Answer] I do not see the relationship that you mention. In any event, the parties that raised the issue as a sort of reproach during the campaign did not meet with success at the polls. It cannot be said to have been an election issue. What has happened in my judgment is what has to happen in a healthy society. In 1983 Argentine society was deeply disturbed by the recent past, and then some demanded that we put a sort of seal on history, that we bring discussion and reflection to a close. If we had acted that way, the possibility of uniting society would have been a fiction.

[Question] Are you talking about the sectors that were calling for an amnesty?

[Answer] Yes. And I think that it would have meant sealing a fictitious unity, because in that case society would not have been able to work out its grief, its pain. And I am referring to all sectors that were affected, not just one. The gains that have been made along this path show that we Argentines needed to engage in our catharsis. Doing otherwise would have had extremely painful consequences because an artificial closing of the past would not have worked, at the risk of entering into a dangerous system of "avenging" past hatreds.

[Question] Now that a pact is being attempted with the opposition and now that everything seems to be under discussion, isn't it dangerous for those sectors to hammer away at their demand for an amnesty?

[Answer] That could be. Petitioning the authorities is part of the system under which we live. But we would be returning to the same thing. We Latins in particular have a tendency to believe in the magical effect of laws and we build great juridical edifices, thinking that with them we can change realities. And that is not the case. Laws work if they reflect the spiritual state of a society. And today Argentine society reflects its spiritual state in what it is doing. No more and no less.

[Question] Are you telling me that an amnesty would not be in keeping with what society wants?

[Answer] That is exactly what I wanted to say.

[Question] You recently traveled to the United States, and today there is talk of reestablishing military relations between that country and Argentina, of furnishing military hardware, of loans, the armies of the Americas are preparing to hold sessions in Mar del Plata...What does this mending of relations exactly imply?

[Answer] It implies first of all the mutual recognition that this is a relationship between two sovereign states. Moreover, besides the United States, I have also been in Spain and Italy. This is a comprehensive opening of talks with various countries and it has to do with the fact that a modernization of our Armed Forces must, besides having a theoretical foundation, meet a series of requirements such

as up-to-date equipment. In the case of the inter-American conference, the Argentine Army will merely uphold the views that the national government sets.

[Question] But let's agree that the military relationship between Argentina and the United States is especially charged with tension in the public's perception. There is the memory of past decades and of the so-called "national security doctrine." Doesn't it carry other risks?

[Answer] First of all, this matter of the "national security doctrine" has been much debated, but it has not been properly conceptualized and lends itself to confusion. This doctrine means that a state accepts conflict hypotheses that are framed in autonomous decision-making centers other than the government, hypotheses that are conceived looking beyond our borders. Or inward when the Armed Forces are working with hypotheses that have not been established by the political authorities. If we accept this description, we can understand that the doctrine is repealed when the defense law gives the government elected by the people the exclusive authority to define the conflict hypotheses, which in turn organize the defense system.

[Question] Given this analysis, what are the issues that you are discussing with your American counterparts?

[Answer] There are many of them. But the point is for Argentina to have a complex-free relationship with the United States. If one is sure of who one is, if one is sure of what one wants, one can have a mature relationship. This relationship can bear important fruit in this framework. Argentina has equipment that is several years old and that was originally purchased from the United States. This materiel cannot be properly utilized owing to the lack of spare parts, because critical inputs are impossible to obtain. To rectify this problem it is important to have a mature relationship with the United States.

[Question] You spoke of a "complex-free relationship." But this is seemingly an asymmetrical relationship between a military superpower and a peripheral country. This has yielded poor results in the past. Couldn't it happen again? [Answer] You can make two mistakes in dealing with the past. One is to think that history inexorably repeats itself, whereupon you become a sort of servant of history through determinism. The other mistake is to ignore history and repeat it. And I think that Argentina can have a mature relationship with the United States if we have a clear idea of these possibilities and something that we spoke of before, in other words, that Argentina should organize its defense system on the basis of conflict hypotheses that we ourselves determine through our sovereign government.

[Question] Last April's incidents institutionalized the existence of two armies, or two factions within the army, if you prefer. There is the institutional army with the vertical chain of command, and the other army of the "painted faces." How is the relationship today between these two sectors?

[Answer] In the first place, I think that there is a single army, in which the principle of discipline is an essential value that has to do with the existence of the force. This army, which has its problems, as does Argentine society as a whole, is going to gradually find solutions as long as the principles of the vertical chain of command are adhered to and we can move forward along the path of modernizing the force. In order for it to play the role that society has assigned to it and so that those who have chosen to join its ranks as their calling can find scope for their professional realization. This path towards modernization has been strengthened, for example, by the army's sale of certain pieces of real estate it owned, which will finance, at least in part, this modernization.

8743

Menem Proposes Primaries To Choose Peronist Presidential Candidate

33480043b Buenos Aires *EL PERIODISTA*
in Spanish 27 Nov-3 Dec 87 pp 4-5

[Interview with Carlos Saul Menem; date and place not indicated]

[Text] [Question] Why has Peronism had so many problems expressing internal political realities in its leadership, especially after 6 September?

[Answer] Because there are vested interests. I'm not talking so much about Dr Saadi. But there are other colleagues who are striving to remain riveted to their positions. The people who lost on the 6th cannot keep on leading us. Politics is for the winners. This does not mean sidelining those who lost. The losers have to go to the back of the line and regain their credibility among people. Saadi, who won, and Julio Romero, who lost again in Corrientes, have to understand this.

[Question] How do you reconcile your second spot on the unity list proclaimed at the Bauen Hotel with your ambition to be number one in the country in 1989?

[Answer] Very simple. I'm not number two. In any event, my approach here has been to give way. I don't want to force a savage internal battle for party leadership. Of course, with a direct vote in the country as a single district I aspire to win the top spot on the presidential ticket. We can achieve a unified ticket with Cafiero, but we are not going to renounce the top spot by any means. We are organizing and we are going to fight.

[Question] Let's imagine that Cafiero resigns as governor to launch his candidacy for president...

[Answer] Why is he going to resign? He pledged to govern Buenos Aires for 4 years, and the people voted him in. They didn't vote so that Luis Macaya, a great friend, I would clarify, could take over, accompanied by a Radical lieutenant governor. Besides, when is he going to resign? Cafiero would have to do it next year, because the national elections are in early 1989. That means that 1 year before the presidential election we would be giving a lieutenant governorship to the Radicals in the province of Buenos Aires no less; we would be handing them a share of power that they do not deserve. That would be strange. But, well, if that's what Cafiero wants, go ahead, we'll do battle...

[Question] If there are two lists in Peronism's election caucuses [las internas] to choose the 1989 ticket, one led by Cafiero and the other by you, on what issues will you confront each other, what will the political debate be, what agenda is at stake?

[Answer] The agenda is practically the same. In this sense we have no conflicts. We have the same very clear doctrine and we are constantly updating it. The fact is that we are on common ground on all this...

[Question] So what would the election caucus be for?

[Answer] The fact is that we will be deciding no more and no less than the Peronist candidate who will become president of the nation in 1989. Let's turn the question around: if we hold elections to choose our best candidates for governor, deputy, intendant and councilman, why not do the same with the ticket? We have to pick the best, and I have my aspirations. Rather, I'm not alone; there are many of us who are involved in the "Menem for president of the Argentine people" project.

[Question] Who are they? What is your policy of alliances within the Peronist Party?

[Answer] I'm not guided by internal alliances. That will come later. The only thing I know is that among the people, in terms of a consensus, we're up eight to two. Now then, within the machine, Cafiero is ahead of us five to nothing. That's what we lack: a machine.

[Question] But popularity is one thing, and consensus, leadership is another. Look what happened to Alfonsin...

[Answer] Effective leadership with a consensus arises from popularity. Don't doubt it. Machines do not make leaders. My friend Alfonsin made a mistake in that regard. His popularity had declined sharply before the 6th and he made use of his entire machine, but it did him no good.

[Question] There is almost unanimous objection in Peronism to your proposal for open primary elections to choose the presidential ticket. They say that many Radicals will vote in that case.

[Answer] They don't know what they're talking about. There are 3 million of us members of the Peronist Party, and on 6 September 10 million Argentines voted for us. That means that seven million people (many of whom are Peronists but not members; there are more Peronists than members) are not going to be able to take part. We would be depriving them of their right to take part in choosing their ticket.

[Question] Is this the way to make sure that popularity triumphs over the machine?

[Answer] No, this way we will make sure that the vote-rigging, the cliques and the closed power structures that politics in this country have accustomed us to will come to an end. Everything would be more transparent. Moreover, this has always been the approach of the great leaders in Argentina. Guemes, who gave day laborers the vote. Quiroga, who opposed the 1826 Constitucion Oriental because, among other things, it did not give the vote to servants and rural folk. And Rosas himself, who gave them the vote and when he tried to reaffirm his own power in the province, called an election and won by 9,000 to 8. It would be a sort of effective direct democracy.

[Question] How would your agenda differ from that of the Radicals if Eduardo Angeloz is their candidate?

[Answer] Peronism is to the left of center. And I'm not telling you anything new. In a message to the governors Peron spoke of national socialism. Of course we don't need to call it socialism because our definition of Peronism is enough. We are located to the left of center. Some in the UCR are in this band, Luis Leon or Yrigoyenism, for example, but most are right of center. And there is a little bit of everything in Peronism; some are in the right wing of the Left, and others are in the left wing of the Left. Peron said: Some Peronists are better than others, but they are all in the same party boat.

[Question] As far as economic policy is concerned, do you represent an answer to the crisis?

[Answer] Of course. The economic liberals (and Radicalism is a party of economic liberals) attach priority to capital. The people and the economy are left at the mercy of capital. But capital is in service to finance and speculative finance. That is no way to grow. They tried to set up a market economy that doesn't even work in the United States, where there are tariff barriers and subsidies for producers. And since they failed, they don't know what to do now. We attach priority to social matters: capital to grow and growth to be distributed. We are quite different.

[Question] Are you going to travel overseas to explain why Peronism won?

[Answer] I have categorically opposed that. The ambassadors in Buenos Aires should tell their governments that we Peronists are not Nazis or fascists or communists.

They should know that we are a democratic movement and that our banners do not belong exclusively to us; rather, they belong to all peoples that are struggling for their liberation.

8743

UCR Leadership Debates Choice of Second Spot on Presidential Ticket

33480043c Buenos Aires LA PRENSA in Spanish
13 Dec 87 p 6

[Text]

Radicalism's Choices: With Their Sights Set on 1989

Sources inside the Radical Party reaffirmed yesterday to this paper that Eduardo Angeloz, the governor of Cordoba, is virtually assured of the party's nomination for president in the 1989 elections and that the future battle among the various factions of the ruling party will be a restrained one centering on the choice for the number two spot on the presidential ticket.

In addition, the insiders whom the feature writer interviewed told him that the new authorities on the party's National Committee, who emerged last weekend after arduous negotiations that Dr Raul Alfonsin ultimately had to direct by defining the scope of each Radical Party faction's ambitions, seek only to quiet dissent or avoid arguments within the party at the present time.

Moreover, the new makeup of the National Committee leadership, they emphasized, is not a valid reference point for anticipating, on the basis of the internal alignment of each member, the bent of the campaign platform that the ruling party will offer to the citizenry for the presidential election.

Rounding Out the Ticket

The Radical leadership deems it of great importance, almost a premise, to maintain the Cordoba-Buenos Aires, Buenos Aires-Cordoba axis that was victorious in 1983, so that it can begin to lay the groundwork for choosing the two men whom the party will put before the voters 2 years hence.

Thus, with Angeloz filling the top spot on the ticket, the party will have to assign the second spot to a man of sufficient political stature from districts in the city or province of Buenos Aires, they explained.

Up to this point, the sources continued, opposition from the top Radical echelons is not in evidence. The problems start once that line has been crossed, when decisions have to be made on first and last names.

A running mate for Angeloz who carries political weight in the Buenos Aires district will thus be the focus of the party's efforts, as Coordinators and longstanding members of Renewal and Change, the National line, the Cordoba line and other province-based groups provide their input for the decision.

The Leading Names

Juan Manuel Casella and Jesus Rodriguez are in the lead at the moment in the "avanzadas" [straw polls?] that the ruling party's various factions are allowing themselves.

The former, the sources said, is still pretending to be unaware of the party's call, while the latter is discreetly assessing his future support in the potential battle for the nomination.

At this juncture Jesus Rodriguez is only looking forward; Casella has an additional burden: he is still weighed down by the setback that 6 September dealt him.

Hence his current political isolation, which according to our sources he has sought because he needs to regain enough tangible support from his fellow party members to convince him that his image has not suffered damage that would irreparably ruin his future chances.

Ends and Consequences

Nonetheless, first and last names in the ruling party are not, at the moment, ends in themselves; rather, they are, precisely, consequences, according to the account that LA PRENSA was given.

The most heatedly debated point among the Radicals is the type of language that the party will put before the citizenry in its campaign platform for the 1989 election. The candidates will only be the trappings around this core, which has yet to be fashioned and on which the most intense battles center.

An Angeloz presidential candidacy represents more than half of the message, as he is firmly in the mainstream of traditional Radicalism. His running mate, then, is destined to be, not a complement, but the deciding element of the political segment of the party that steps out to contest the election.

When the time comes for decision making, the person of Casella foreshadows a homogeneous Radical ticket; Jesus Rodriguez, on the other hand, represents a continuation of the ruling party faction that held power during the first half of Raul Alfonsin's term.

Casella is already carrying an electoral defeat on his shoulders. Rodriguez is too, and although it does not rest on his head, it does involve him directly in the vote falloff that his party has suffered since December 1983.

The New National Committee

The makeup of the new Radical National Committee was the fruit of protracted, tough and turbulent negotiations, our sources said.

It all stemmed not just from the ambitions that the various party factions put on the table but also from the signal that the makeup of the new leadership would give to and the influence it would have on alert voters, who would take the result as their key to discerning the future Radical profile.

Furthermore, as was stated at the beginning of this article, there had to be a compromise on positions so as to avoid open confrontations that could cause a split in the party.

The decision was made to accord priority to resolving this latter issue. Thereafter an effort was made to apportion as equitably as possible the posts assigned to each internal faction.

According to the sources consulted, the reelection of Edison Otero as chairman of the National Committee carried a very high price. The price tag carried the names of not only Eduardo Alvarez Guerrero and Ruben Chebaia as first and third vice chairmen, respectively, but moreover and above all, of Luis "Changui" Caceres, the coordinator leader of the Santa Fe district, who in the words of our informants "has again set foot" in the Radical leadership.

His job: secretary general of the party, a new entry in the traditional catalogue of party posts. It will come in handy, enabling Luis Caceres of Santa Fe to bring his track record and fiery spirit to bear within the party's top echelon itself and, after a conspicuous drifting apart, to draw close once again to his peers on the influential capital city "coordinator."

8743

Montoneros Reportedly Shifting Political Support
33480040a Buenos Aires LA PRENSA in Spanish
23 Nov 87 p 7

[Article by Carlos Manuel Acuna: "Montoneros Angry, and ERP Benefits"]

[Text] A few weeks ago we spoke here of a dangerous and obvious issue, and no one has gainsaid us. On the contrary, new information has been added to an outlook with such troublesome overtones that we wonder whether there will be time to stop the subversive gangs from reappearing. We said something of the sort and we are now adding that indeed, besides the list of officials in the Government Palace and in other public sector posts who have a long track record as subversive activists (as a matter of fact, if I may say so, in the most extreme factions) and of the criminals who were released at the

urging of the first floor of the Casa Rosada, a new analysis of the situation is now in order. There are some odd facets to the situation; for example, the Montoneros are now angry because they feel "left out" of the government's selective-release program.

The reason is that of a list of some 30 guerrillas, only a half-dozen belong to the Montoneros, whereas the rest were and are active in the co-called "revolutionary people's army" (ERP), as we shall soon see. Moreover, through the circuitous channels that always exist in the political underworld, the Montoneros conveyed to a very specific audience messages to the effect that acts of violence of varying degrees (particularly bombings, graffiti, firings on military units, etc) could be expected, that they would be carried out by members of the ERP and that they would be officially attributed to the Montoneros.

Are the ERP members to Alfonsín what the Montoneros were to Peronism? There is something to this justifiable question, because at this juncture a great many things are known publicly, besides the information that is somewhat confidential and the numerous reports that are accumulating as the days pass and that are spreading abroad or coming from overseas. In a word, the overall picture we can draw is cause for in-depth reflection.

In fact, the issue recently became part of the investigation that is being conducted here, in Paraguay, Venezuela, Mexico and the United States into the scandal involving the Central National Bank of New York, which is owned by the indicted Uruguayan banker Jacobo "Jackie" Finkelstein. However, since this matter deserves separate treatment, owing to both its importance and scope, we will comment on it later and as the evidence amassed in connection with this much talked about affair becomes unanswerable and incontrovertible.

Proclamation

Let us return, then, to the core of our report today. The displeasure felt in Montonero circles was made more acute by additional developments revolving around the proclamation that appeared near the 6 September elections and that was signed by "revolutionary Peronism," which is one of the Montoneros' cover organizations. Bearing the signatures of none other than Mario Eduardo Firmenich, Pablo Unamuno, Roberto Cirilo Perdia, Jorge Cepernic, Fernando Vaca Narvaja, Oscar Bidegain and others, it expressed public support for Antonio Cafiero's bid for the governorship of Buenos Aires Province. The development was much commented on at the time and aroused understandable suspicions, because it was interpreted as a maneuver to lessen support for the current governor-elect and thus help the Radicals.

Now then, regardless of whether Unamuno is one of the backers of a Cafiero presidential candidacy as part of a "front" with obvious characteristics of a vanguard Left, the Montonero "rank and file" found out that the text of the proclamation in question was handled by Mario

Guillermo Montoto and Hector Pedro Pardo, whose "noms de guerre" are, respectively "Pascualito" and "Anibal" or "Alcides." The former, furthermore, is Firmenich's attorney. The most surprising thing of all, however, is that the text is known to have been evaluated, corrected and approved by major officials of the President's Office, whence, we can infer, came the funds needed to have it published.

"That's the way politics is," some may say. But the affair will apparently have an aftermath, which could be serious for the group's internal workings. And there are those who are peering even more deeply into the intrigue surrounding a process amid which what have just recounted is but an anecdote.

What are the underground understandings? How far do they go? Were there and are there commitments about persecuting the Armed Forces? How has the situation changed after Holy Week, if the new circumstances were assimilated?

Since the questions, and the assertions too, could go on forever, we will stop here to reproduce the list and to mention some of the background of the individuals whom the government has released.

The List of ERP Members

The list of the main ERP guerrillas is headed by the well-known traitor to his uniform Hernan Invernizzi. Not only is he at large even though he is dangerous; he is also on the government payroll for discharging odd functions as a "correspondent" for Radio Belgrano in Nicaragua, where he is "linked" to an ERP band that is training there and whose alternate chief is Gorriaran Merlo, the same fellow who fled from Trelew during an incident that was recounted in print by newsman Tomas Eloy Martinez, a friend and interviewer of President Alfonsín.

The following have also been released: Carlos Tomas Ponce de Leon, alias "Ricardo," a member of the cell that kidnaped and murdered the president of Fiat, Oberdran Salustro. He was sentenced on 19 March 1973 to life imprisonment for this crime and others. He was given amnesty that same year under the "Campora" Law. Four months later he took part in the takeover of the Medical Command, which Invernizzi handed over; Col Duarte Hardoy was killed during the incident;

—Pablo Rafael Seydell, a guerrilla activist who had been sentenced to 15 years for armed assault;

—Alberto Clodomiro Elizalde Leal, sentenced by Judge Eduardo Marquardt to 20 years in jail in 1980 for various crimes, including homicide, kidnaping and involvement in the takeover of the Medical Command;

—Fernando Gauna, the murderer of Major Lopez, was sentenced to life imprisonment;

—Enrique Alejandro Ferreyra Beltran, the head of the group that took the Medical Command, was sentenced to an 18-year jail term. He is one of the representatives of the Coordinating Board in Cordoba, and his brother is the secretary of the secretary general of the presidency, Carlos Becerra;

—Norberto Rey has been released after serving his sentence;

—Fermin Rivera took part in the seizure of the military factory in Villa Maria, Cordoba and was tried for illicit association, homicide, robbery and possession of war weaponry;

—Carlos Jose Samojedny, arrested in August 1974 for the attempt to seize the 17th Infantry Regiment in Catamarca, was later tried for homicide, inflicting serious injuries, illicit association and numerous violations of the Penal Code. Without handing down a sentence, the federal judge in the aforementioned province, Dr Jorge Ahumada, released him from prison;

—Arturo Vivanco, alias "Gama" or "Nacho," also took part in the takeover of the Medical Command. In June 1980 the National Criminal and Correctional Court of Appeals sentenced him to 20 years behind bars;

—Hilda Lidia Navas de Cuesta, her husband Jose Cueva and Juan Alberto Tejerina, who made up the command that murdered Gen Juan Carlos Sanchez on 10 April 1974. They were arrested in Santa Fe, having also killed 1st Lt Juan Carlos Gambante; the woman was sentenced to 23 years in prison and the other two to life for the crimes of multiple homicide, possession of weapons and explosives, sabotage, illicit association and the use of false documentation.

Other members of the ERP who have regained their freedom are Pablo Alejandro Diaz, Miguel Angel Godoy, Carlos Salvador Orellana, Carlos Tomas Ponce de Leon, Pablo Rafael Sergio Seydell, Juan Alberto Tejerina, Humberto Miguel Tumini, who was arrested this year for trying to blow up the Cordoba Law Department and was released thanks to the Secretariat General of the Presidency; Juan Carlos Vallejos, Pablo Videla and Arturo Vivanco. We have deliberately listed Fermin Angel Nunez last. He was a member of the "Ramon Rosa Gimenez mountain company" in the Tucuman hills and was the last to be released. He is known for having killed Captain Viola and his youngest daughter.

A bill to release 12 other ERP guerrillas is currently under consideration.

The Montoneros

The Montonero list is much shorter, consisting of: Marcelo Langieri, who was sentenced to 6 years for bombing mass transit vehicles;

—Luis Ortiz and Carlos Gonzalez (all three were arrested in 1987), who were convicted of the same crime as Langieri;

—Jose Omar Lewinger, alias "Josesito," the gang's press secretary and editor of the official propaganda mouthpiece, the magazine VENCER. He was convicted of "illicit association" in 1985;

—Carlos Lovey, alias "Quique," is widely known for his activity inside the so-called "agrarian leagues." He was convicted in 1985 of "aggravated illicit association" as "chief of the Montoneros organization." He was denied release from prison in March 1987 because he was considered dangerous, but in May, Court Two of the Federal Chamber granted it to him. The list concludes with Normando Naun.

This brief report does not close the case, however. On the contrary, it is just one more episode in a tale that grows longer by the day. It is a tale that is intertwined with internal struggles in which differences over minor and personal interests and commitments that we will call "special" are marking a dangerous pace that presages future calamities.

Why not mention, for example, the people who make up the "Decididos de Cordoba company"? Why not cite the ties linking them and others with several legislators, politicians and officials?

The new picture that is presumably emerging is compounded by details about the international contacts of the bands, their smooth ties and their sources of financing, along with the new twist that "residents" of Nicaragua and Cuba can freely enter Argentina without a passport, as our colleague Daniel Lupa noted just recently. All of this leads to predictions that are heavy with dark clouds, sad omens and, above all, terrible memories that nevertheless bespeak the unbowed determination to prevent extremism from triumphing in Argentina.

8743

UBA Student Elections Reveal Rightist Gains
33480043d Buenos Aires EL PERIODISTA
in Spanish 27 Nov-3 Dec 87 p 8

[Article by Ruben Levenberg: "The Swelling of the Right"]

[Text] The electoral gains of the Right in Buenos Aires University have prompted intense debate among the various sectors of the metropolitan student movement.

The lack of valid answers to specifically university issue seems to be the main cause of the fallback of the groups located from the center to the left of the spectrum.

Now that most of the elections in the centers and the student council at Buenos Aires University (UBA) have taken place, the rightward shift in the political preferences of the student body has given groups on the Center-Left a nasty but salutary shock, and they have begun self-critical reflection, each after its own fashion.

The university version of the UCD [Radical Civic Union], the UPAU [Union for the University Opening], succeeded in boosting its vote total by an average of 15 percent over 1986 and has so far won the top spot in three powerful centers: engineering, law and architecture. In turn, the Radical group Franja Morada, which follows the line of the Metropolitan Coordinating Board (FM-JCN), posted an eight percent drop and retained control over the centers of economic sciences, medicine, political science and pharmacy. The alliance of Peronist University Youth (JUP) and Intransigent University Youth (JUI) also fell around six percent, although it consolidated its predominance in the social sciences majors: communication, sociology and philosophy and letters.

Nor did the Left do too well in the student elections, because except for the number two spot that the Santiago Pampillon Broad Front (FAESP), which consists of communists, dissident Radicals and front Intransigents, gained in communication and philosophy, it did not garner a significant vote total in the other UBA departments.

Although not all of the blame can be placed on the student leadership, in particular because the rightist surge took place throughout Buenos Aires society and necessarily had to be reflected in the university ballot boxes, it is no less true that the drop experienced by the traditional groups also had a strong, strictly university element to it.

Life in the centers of higher learning covers a very specific, complex field, encompassing academic issues, teaching staff, research, the job market for graduates, income and other matters that transcend the strictly university sphere. The UPAU addressed precisely these issues, and from the Right, but employing moderate, credible language, formulated its own entirely coherent proposals.

When the rightists meet with a favorable response when they propose reinstituting an entrance exam "to make sure that the best qualified get in," as the brand new president of the Engineering Center, Alejandro Perazzo, argues, and when they assert that this way "the lower-income sectors would be helped because part of the budget could be earmarked for scholarships and other forms of aid," this is not due to the rightward shift of the student body but to the lack of an alternative to the Basic Core Curriculum [ciclo basico comun] that is seen as practical and consistent.

Some leaders have already begun to raise this issue. The communist Ernesto Lamas, the secretary general of the Communication Sciences Center, asserts, for example, that "while the traditional Left has shown little ability to achieve unity and offer specific agendas to people, the Radicals and Peronists have exhausted their credibility and are leaving the field wide open for the Right."

Within Radicalism, the top echelon of Franja Morada agrees that the UPAU's current gains are "the result of the skepticism generated by the dictatorship," as the president of the Political Sciences Center, Guillermo Rivas, remarks. Another Radical, future physician Miguel Lafuente, contends that "the UPAU is the university of individualism and the military process, now in rightwing garb." FM metropolitan leader Daniel Bravo describes his adversaries in harsher terms: "They are wolves in sheep's clothing, concealing their aim of destroying the public university or of subjugating it to the dictates of imperialism by hiding behind a series of purportedly apolitical union grievances."

In contrast, Renewal Peronist Julian Gutman, who heads the Communication Sciences Center, thinks that the debate "has been entered into on false premises, because everything centers on the polarization between rightists and Radicals, when the point is to unify the grassroots camp; the centers have to get to work, mobilizing around academic and trade union grievances and formulating an agenda to oppose the right wing's."

Perhaps the rightist gains will push some groups to abandon a policy that is divorced from reality and an approach that they themselves are wont to describe as "cannibalistic" and that has repeatedly pitted them against each other over issues that are far from significant for university life.

The Student Vote at the
University of Buenos Aires
(1987)

Department	Group or Front	Affiliation or Leanings	Center		Council		Total Votes	Center President
			Votes	%	Votes	%		
Agronomy	LA	Indep. Right	715	48.95	4	1.19	48.8	1,522
	Prope. Results	JCS	231	15.48	2	68	21.9	1,522
	FRON	JSP-JS-Indep.	385	22.88	2	48	18.2	1,522
	UPRO	Libertarian UC 8	189	12.67	1	48	15.5	1,522
Architecture	UPRO	UC 8	4,840	37.73	4	4,839	37.39	12,887
	Prope. Results	JCS	4,482	36.94	4	4,483	36.82	12,887
	UNAP JSP-JS	Pro Results / Ind.	2,135	16.84	2	2,140	16.48	12,887
	FAES/Prope. Results		542	4.23		538	4.82	12,887
	MS		488	3.74		488	3.74	12,887
	MS-PR		85	0.73		-	-	12,887
Law	UPRO		8,413	37.74	8	8,321	37.81	22,088
	Prope. Results		8,276	37.12	8	8,412	37.13	22,088
	FRON	JSP-JS	3,781	16.88	3	3,783	16.78	22,088
	MS		815	2.78		817	2.98	22,088
	FRON		353	1.58		352	1.68	22,088
	MS	POPULAR Socialism	388	1.37		387	1.33	22,088
	Ju. Federal		242	1.88		239	1.85	22,088
	LES	UC 8 Dissidentia	9	0.04		-	-	22,088
Economic Sciences	Prope. Results	JCS	8,258	38.41	5	8,258	37.89	21,381
	UPRO		7,529	38.88	5	7,588	38.73	21,381
	JSP-JSP		4,147	18.28	3	4,387	18.33	21,381
	MS		584	2.76		587	2.78	21,381
	Student Solidarity	Popular Social-	323	1.74		388	1.88	21,381
	Ju. Federal		248	1.14		238	1.16	21,381
Exact Sciences	Elections in December							
Political Science (1)	Prope. Results		288	42.24	5	271	42.35	622
	FRON	JSP-JSP	285	32.88	4	284	32.7	622
	UPRO		71	11.41	1	71	11.41	622
	CS	Independent Left	70	11.38	1	69	11.89	622
Communication Sciences (1)	FRON	(JSP-JSP-UPRO)	378	38.28	5	388	38.14	1,886
	FAES/Prope. Results		248	23.88	4	243	23.84	1,886
	Prope. Results	JCS	223	21.17	2	218	21.57	1,886
	MS	Independents	122	11.58	1	125	11.44	1,886
Pharmacy and Bio-Chemistry	UPRO		77	7.31	1	77	7.38	1,886
	MS		58	4.74	1	52	5.12	1,886
	Prope. Results	JCS	1,778	38.35	5	1,687	37.84	4,332
	UPRO		1,488	31.38	4	1,481	31.34	4,332
	FRON	JSP-JSP	1,843	23.88	3	1,888	23.88	4,332
	MS		88	2.88		-	-	4,332

Department	Group or Front	Affiliation or Leanings	Center		Council		Total Votes	Center President
			Votes	%	Votes	%		
Philosophy and Letters (2)	UNEP	JP-PP-PS-UP	130	24.5	4	28.3	176	JOSUE DIAZ (UNEP-UP)
	UNEP/Cel		76	21	3	19.6		
	Group Heads	JS	48	12	2	18		
	UNEP		47	12.5	2	-		
	UNEP		44	11.8	1	-		
	Univ Regs	Univ Left	38	7.8	1	-		
	Argentinian Regs	Popular Social-	37	2.3	-	-		
	UNEP	Workers Party	26	2.1	-	-		
	Group 23 & Regs	PP-UNEP-PS	24	1.9	-	-		
UNEP	JS/PP	17	0.4	-	-	11,488	ALEJANDRO PEREZ (UNEP)	
UNEP		4,882	44.88	8	4,882			
Group Heads	JS	2,824	22.71	3	2,824			
COMMON	Univ Right	1,728	16.01	2	1,728			
UNEP	JP-UP	1,683	9.28	1	1,683			
UNEP		585	5.88	1	587			
UNEP		287	1.88	-	271			
UP	PP	38	0.46	-	-			
Medicine	Group Heads	JS	6,984	28.47	8			6,984
	UNEP		5,945	38.64	4	5,945		
	UNEP	JP-UP	3,887	15.68	2	3,888		
	UNEP		1,288	6.25	1	1,177		
	Representative	PP	128	4.88	1	994		
	Univ Students	UNEP	-	-	-	844		
	UNEP		626	2.24	-	611		
Dentistry	Elections from 7 December 1987 to 11 December 1987							
Psychology	Elections from 23 November 1987 to 27 November 1987							
Sociology (1)	JP-UNEP-C de Regs		287	24.81	3	288	1,380	CARLOS DIAZ (UP)
	UNEP		324	23.65	3	321		
	JP		385	22.27	2	386		
	UNEP		254	14.68	2	288		
	Group Heads	JS	172	12.56	1	177		
	UNEP-PP		28	1.46	-	18		
Social Work (1)	UNEP	Univ Left	288	28.15	4	-	70	JOSUE DIAZ (UNEP)
	JS		228	24.67	3	-		
	JP		188	24.88	-	-		
Veterinary Medicine	Elections from 7 December 1987 to 11 December 1987							

- (1) These majors come under the rectorship. Their councilmen serve on an advisory basis and are not part of the University Assembly.
(2) Is holding complementary elections in the CBC. These are partial results.

PRC To Assist in Mining Development
33480038e La Paz PRESENCIA in Spanish
20 Nov 87 p 9

[Text] "With the signing of a Final Protocol, COMIBOL [Mining Corporation of Bolivia] and a mining-metallurgical mission from the PRC have agreed on the possibility of combining initiatives and technology to undertake various projects. These include: gold exploration and exploitation; separation of lead in the final product of antimony and tin refining in Vinto; recovery of tin from residuals in Huanuni; and treatment of acid waters in the San Jose and Bolivar mines."

This information comes from a COMIBOL report which stated that the mission from the National China Corporation of Import and Export of Nonferrous Metals was in our country for 18 days as the guest of the government and COMIBOL. It returned to the PRC Wednesday after signing the Final Protocol. The mission was led by Lin Rong Po who, in the name of the mission, showed satisfaction in the initial agreements reached after trips to the San Jose, Huanuni, Bolivar, Unificada, La Palca, Karachipampa, and Vinto mines.

COMIBOL reported that "the Final Protocol verifies fulfillment of the CTPD program of the United Nations with the invitation issued by the Bolivian Government to the PRC mission. COMIBOL has shown its official satisfaction in the document concerning the visit and the talks and has expressed its hope that this protocol formalize the beginning of a mutual cooperation program." 7717

Mining Ministry Bulletin Reports Export Figures
33480038c La Paz EL DIARIO in Spanish
23 Nov 87 p 1

[Text] Mining and metallurgical exports dropped 33 percent in the first half of this year compared to the same period in 1986, according to the statistical bulletin of the Ministry of Mining and Metallurgy.

The income from the sale of various minerals and refined products reached \$79,269,120 compared to \$117,701,869 last year.

In the metallic mineral sector, tin concentrates and metallic tin were first, bringing in \$30,312,346 in foreign currency. This represents 38 percent of all exports, a total of 4,444,104 kilos compared to 10,586,168 kilos sold in the previous period. This includes tin in crude alloys and residuals.

Sales of zinc and silver are also at the top of the list. Zinc brought in more income than in the previous year while silver has remained respectable.

The principal markets for Bolivian minerals include the Latin American Integration Association followed by the EEC, CEMA, and several Asian countries.

Medium-sized mining continued to be first in supplying metallurgical products, accounting for 52 percent of all exports. Zinc makes up 31 percent of the total sold by this mining sector.

Small mining exported 17 percent of the minerals through the Mining Bank for a total value of \$13,619,108.

Other exporters brought in \$12,250,379 in foreign currency for the country. Tin was the main mineral exported, representing 51 percent.

Exports of refined products reached \$6,951,028, representing 9 percent of the total on the statistical chart. Metallic tin was first, followed by bars of antimony, metallic alloys of antimony, trioxides of antimony, and alloys of tin and lead.

In the first 6 months, COMIBOL [Mining Corporation of Bolivia] was last in exporting minerals since it only contributed 7 percent of the traditional exports, with silver and zinc leading.

7717

Mining Commission Proposes Better Control of Gold Exploitation
33480038a La Paz EL DIARIO in Spanish
23 Nov 87 pp 3, 5

[Text] After an inspection tour of the Las Araras region of Federico Roman Province in Pando Department, the Mining and Metallurgy Commission of the Chamber of Deputies recommended the immediate installation of a COMIBOL [Mining Corporation of Bolivia] office in this area in order to control gold exploitation.

The recommendations made by this commission headed by the Honorable Edgar Barrientos Cazazola are contained in the report drawn up after the inspection. The inspection was made to verify accusations by Pando Deputy Heriberto Arauco concerning dredges and Brazilian workers on the banks of the Madera River. Their sole objective is to exploit the gold in the region, ignoring the Bolivian border.

The text of the report that Edgar Barrientos presented to the president of the Chamber of Deputies, H. Vargas Vacaflor, follows.

Background

The Chamber of Deputies directed the Mining Commission to make an on-site investigation of Deputy Heriberto Arauco's accusation about an invasion by 13 Brazilian dredges that were exploiting gold on the Bolivian bank of the Madera River in Federico Roman Province, Pando Department. The accusation also mentioned the weekly payment of 25 grams of gold to the commander of the Villa Bella Harbor-Master's Office.

The commission had also received an accusation from Mr Grandy, a member of the Nueva Esperanza Cooperative. He accused EMICOBOL of filling up the river which could lead to flooding in the town of Nueva Esperanza. The commission felt it was appropriate to inspect gold exploitation throughout the area.

Inspection

The commission went to Guayaramerin on Monday, 16 November, accompanied by: the commission's adviser, Guillermo Clavijo; General Jaime Ayala Mercado, retired; and Captain Orlando Villarroel, inspector general of the Bolivian Navy.

Chronological Account

On Monday, 16 November, the commission arrived at Guayaramerin, Beni, which is the only way to reach the Araras region.

There we held an informational meeting with Captain Alberto Letelier, commander of the Third District of the Bolivian Navy. Araras and Villa Bella are under its jurisdiction.

The commander of the Naval District reported at length on what his command had learned. He gave us photocopies of the documents attached to this report and asked us very politely and clearly to make an exhaustive investigation in order to punish the guilty or clear the matter up for the benefit of his institution and Lieutenant Guillermo Bustos who had been named in the accusatory telegram. He revealed that he had made an internal investigation in accord with military regulations. He determined that there was no evidence against his institution.

Later the commission met with the directors of Ferreco, also mentioned in the accusatory telegram. They presented the attached documents denying the accusation. They revealed that the Brazilian dredges were there because of the Federico Roman Cooperative which had hired them. However, they were not working in the sector leased to that cooperative (First Sector), but in the Ferreco sector (Zone 1A, 3A, and 4A).

The next day we traveled through Brazilian territory to the Araras Harbor-Master's Office. Mr Roque Rojas and Mr Francisco Acosta, members of the Nueva Esperanza Cooperative, were present. They stated that Mr Grandy was not there. However, they wanted to establish that the problem with EMICOBOL had been solved with the construction of a drain canal to prevent any accumulation of water. They revealed that they did not have any problem with that enterprise and there was tranquillity in the area.

Later Mr Jaime Borda and Mr Sergio Guzman revealed that they were self-employed "Barranquilleros" who wanted to work for EMICOBOL. They stated that this could be done only with authorization from its owners.

Then we toured the Bolivian side of the Madera River in a hydrofoil. We found five Bolivian dredges which belonged to INCEBOL working in its zone. The manager revealed that they had just finished installing their dredges which are Bolivian and belong to that enterprise. They hoped to have results to justify their investment.

In the afternoon we went by hydrofoil to the Misericordia zone which is where the reported dredges were found. We could verify that six of them had gone to the other side of the Madera River—that is, Brazilian territory.

The owners and managers of the dredges that remained on the Bolivian side were summoned. It was verified that they were Brazilians. They gave a written statement which we attach to this report. It can be summarized in two points:

- a) They stated that they were hired by members of the Federico Roman Cooperative to work in this zone. They work on a percentage basis (80 percent for the owners of the dredges and 20 percent for the cooperative).
- b) They have never delivered any gold to the Villa Bella Harbor-Master's Office or its current commander, Lt Guillermo Bustos. They explained that no payment has ever been made to members of the Bolivian Navy.

Dr Llerena, president of the Federico Roman Cooperative, was also present. He first explained that neither he nor his cooperative had accused Lt Bustos or the Navy. They did hire the dredges to work in the area, but their contract permits this. They thought they were in their leased area, not Ferreco's. To prevent subsequent problems, they asked for delimitation of the sectors leased by COMIBOL.

The next day there was a meeting with the owner-manager of EMICOBOL who presented the attached documentation demonstrating that, despite having won an administrative amparo and having an agreement signed by the "Barranquilleros," this was not being carried out. He requested guarantees.

Conclusions

- a) It has been verified in the Araras region that Mr Grandy's accusation against EMICOBOL is not valid because the problem was solved peacefully. Two members of the Nueva Esperanza Cooperative, Roque Rojas and Francisco Acosta, gave us this information. The former is also a representative from that area.

b) As to the accusation about the invasion of Brazilian dredges and the complicity of the Bolivian Navy through Lt Bustos in Villa Bella, it was documented that the Brazilian dredges entered the zone and the country through agreements with the Federico Roman Cooperative which is their partner, not the injured party. It was also established, not only by voluntary statement but also by an absolute lack of evidence, that neither Lt Bustos nor any other member of the Navy had received any gold. Both aspects were confirmed by the president of the Federico Roman Cooperative, allegedly the injured party.

c) It was clearly established that the problem is that COMIBOL has not clearly delimited leased areas, causing boundary transgressions. This was the reason for bad feeling between the two cooperatives which have requested a delimitation.

d) It could be verified that, except for INCEBOL, COMIBOL's contractors have not installed dredges or have done so by subcontracting Brazilian dredges on a percentage basis. The major beneficiary is the foreigner. (The average is 80 percent for the owner of the dredge and 20 percent for the holder of the contract.)

e) It was also verified that there is no control over gold production in the zone. The payment of royalties to the state and rent to COMIBOL is dependent on the good faith and goodwill of the contractors or subcontractors.

Recommendations

a) The installation of a COMIBOL office in the Madera River zone is absolutely necessary, not only to delimit sectors or prevent boundary transgressions but also to control the gold production of its contractors, respect for its contracts, and the payment of obligations to the state and the enterprises.

b) COMIBOL must review the contracts issued to determine whether they have been carried out and to rescind them, if necessary. It must also determine if some contracts are nullified by violation of Article 15 of the Mining Code in effect.

c) The new contracts should require that the contractors install their own dredges in their sectors to avoid contracts with foreign citizens which hurt the country. Those who want to obtain contracts should verify economic capacity and hire Bolivian manpower so that foreigners do not benefit from the contracts in detriment to the country.

d) A gold purchasing office should be established in the zone under the best economic conditions for the producer, whether through COMIBOL, the Mining Bank, or authorized marketers. This will keep this wealth from going outside Bolivia as happens at present. This should also be pointed out to state organizations (Migration,

Police, Health, etc.), not only so they pay attention to this but also to insure compliance with the law in the area, respect for established rights, and social peace in the region.

e) Finally, confident that the Bolivian Navy is the only entity that defends national sovereignty, it is indispensable for the government to grant more and better means to the Navy so that it can continually patrol the Madera River and the Beni River in Araras, sites of vast gold wealth.

It is proper to recognize the efforts that the Bolivian Navy is making in the area. It continually faces risks and diseases, sometimes fatal, despite a lack of understanding or support from the government.

7717

Number of Mining Cooperatives Reaches 3,000
33480038b La Paz EL DIARIO in Spanish
23 Nov 87 p 3

[Text] More than 3,000 cooperatives are registered at INALCO [National Institute of Cooperatives]. It is estimated that this number will increase considerably before the end of this year.

The executive director of the Corsino Pereira Institute reported that INALCO has encountered many problems because of the large number of applications. Its small staff cannot meet the existing demand for new applications and advice for better operation of the cooperatives.

According to the General Law on Cooperatives, there are two major categories of cooperatives throughout the republic. There are 1,801 production cooperatives and 1,178 service cooperatives with a total of more than 700,000 cooperative members.

Production Cooperatives

This category was divided into seven specialties. According to statistics, there are 735 agricultural-livestock cooperatives in the nine departments; 471 mining cooperatives in eight departments, excluding Beni; 349 agricultural cooperatives throughout national territory; 131 craft cooperatives, excluding Beni and Pando; 57 specialized fish and poultry cooperatives, excluding Pando; 40 livestock cooperatives in seven departments, excluding Chuquisaca and Pando; and 48 diversified cooperatives, excluding Oruro and Pando.

Service Cooperatives

This category was divided into 10 specialties. There are 327 savings and credit cooperatives and 214 consumer cooperatives at the national level. There are 190 "diverse service" cooperatives throughout the country. A total of 153 transportation cooperatives operate in the country, except in Beni and Pando. There are a total of 135

housing cooperatives, except in Beni and Pando. The 82 electrification cooperatives are distributed as follows: 17 in La Paz; 13 in Santa Cruz; 5 in Cochabamba; 6 in Potosi; 10 in Oruro; 4 in Tarija; 9 in Chuquisaca; and 14 in Beni. There are none in Pando. There are 47 education cooperatives in eight departments, excluding Pando. Fifteen telephone cooperatives are scattered throughout the country with TASA in La Paz and ETOSA in Oruro in the process of forming cooperatives. A single integrated telephone cooperative system will develop soon at the national level. There are 9 cooperatives in the health sector (3 in La Paz, 1 in Santa Cruz, 2 in Cochabamba, 2 in Potosi, and 1 in Tarija). Finally, there are 6 integral cooperatives.

Latest Records

Due to the unusual increase in applications for new cooperatives, it is estimated that there will be many more than 3,000. There is special interest in the mining sector.

The work of compiling statistics is slow because of the personnel shortage and the lack of appropriate technical means. The executive director pointed out that this delays updated information.

7717

Relocated Miners' Demands Reportedly Unattended

33480038d La Paz PRESENCIA in Spanish
22 Nov 87 p 7

[Text] The FSTMB [Trade Union Federation of Bolivian Mineworkers] asked the government to listen to former workers of COMIBOL [Mining Corporation of Bolivia] who have been on a hunger strike for more than 16 days.

A communique stated: "We protest the government's insensitivity toward the urgent problem of our relocated comrades. After more than 16 days on strike, they have not even been able to open a dialogue."

It added: "In their desire to accumulate wealth at the cost of the hunger and exploitation of the workers, the government and mine management (state and private) have established a relocation policy, ignoring rights of the workers like social security, social benefits, education, and health."

According to the FSTMB, it is known that COMIBOL imposed systematic violation of essential rights like the provision of grocery stores, liquidation of in-kind wages, job instability, low salaries, and a "policy of revenge by officials of the enterprise."

It indicated that the mining working class was united in resisting all these attacks. The enterprise was forced to resort to the offer of "extralegal" benefits that in no way compensate for the rights violated by Supreme Decree 21060.

The miners, protesting lack of attention to the relocated, ask for understanding from other sectors in order to find the necessary mechanisms to resolve the problem of the former workers of COMIBOL.

7717

Sugar Harvest Registers Drop

33480034f La Paz EL DIARIO in Spanish 4 Nov 87 p 5

[Text] The 1986-87 sugar harvest was 100,000 quintals less than last year.

According to the assistant secretary of agricultural-livestock affairs, Alfonso Kreindler, the chart of 1986-87 Sugar Results for the harvest that ended last week in Santa Cruz Department contained the following information:

Initial supply (1-7-87) (data on surpluses): 763,733.

Current supply (less sales to Peru and the United States): 600,000 quintals.

The official said that production was lower because of a reduction in cane fields and grinding during this period.

The total volume of available sugar is 3,116,999 quintals. This is the sum of the surpluses of the past year and of the sugar produced in the 1987 sugar harvest, 2,362,266 quintals.

Of that total, there were sales on the domestic market from 1 June 1987 to 29 October 1987 totaling 692,466 quintals, sales to Peru of 82,000 quintals, and sales to the United States of 73,608 quintals through preferential quotas.

He added that monthly domestic consumption reaches 200,000 quintals. This will be easily supplied by current stocks. However, the situation would become risky "if the downward trend in production is repeated in the data on the Bermejo sugar harvest that has not yet ended."

He reported on talks held between officials of the Ministry of Industry and Commerce and the Ministry of Campesino Affairs and representatives of the Santa Cruz cane sector.

7717

Coffee Producers Unable To Meet Export Quota Again

33480034b La Paz PRESENCIA in Spanish
12 Nov 87 p 6

[Text] COBOLCA [Bolivian Coffee Committee] is confident that the assigned coffee export quota can be met, according to Gonzalo Martinez, its director.

At its meeting last month in London, the OIC [International Coffee Organization] restored export quotas for producer countries. Bolivia's quota for the 1988 agricultural year is 103,000 60-kilo sacks.

Martinez explained that this system permits coffee prices to remain stable. This guarantees production, especially by countries that do not have large volumes to be sold on foreign markets.

Days later, the coffee producers of the Caranavi region which produces about 70 percent of national production revealed that Bolivia will fail to meet its quota again, because the state sector does nothing to combat coffee diseases.

The director of COBOLCA said that he was confident the quota could be met. Coffee is expected to obtain a good price on the international markets, especially in Europe.

Greater efforts are being made to help the producers maintain plant health. It is possible to coexist with coffee rust without much effect. This is not true of broca because this disease directly attacks the coffee berry, according to Martinez.

He also announced that a symposium would be held to analyze the entire coffee situation and learn about all the problems that prevent greater production and trade in order to find total solutions to these problems.

7717

Government Warns State Enterprises To Cut Deficit

33480034d La Paz PRESENCIA in Spanish
6 Nov 87 p 6

[Text] State enterprises have until the end of this year to put their financial systems in order and eliminate the deficit that characterized them during the first three quarters of this year.

This statement was made by the minister of planning and coordination, Gonzalo Sanchez de Lozada, after a meeting of CONEPLAN [National Economic and Planning Council] which analyzed this problem.

He stressed: "All these institutions must have a zero deficit by 31 December 1987" like the TGN [General Treasury of the Nation].

Sanchez de Lozada emphasized that the government will not issue more currency or neglect other services, merely to cover losses caused by mismanagement of state enterprises.

The government will exercise greater control over the state enterprises in order to keep them from showing a financial deficit in the future.

According to official reports, between January and September of this year the deficit of state enterprises totaled approximately \$75 million.

Minister of Finance Juan Cariaga indicated that this situation cannot continue. The TGN will no longer absorb those differences.

He admitted that the government promised the IMF that it would not issue currency to solve the deficits, but would maintain a stable level of international reserves and avoid deficits in the TGN and the state enterprises.

Government officials said that the state enterprises must handle their resources efficiently and change the deficit situation before the end of 1987.

Sanchez de Lozada stressed that the state enterprises must limit their current expenses and wages in order to increase expenditures for productive investments.

The deficit of the state enterprises can hopefully be corrected through greater control. Execution of the budget in November and December of this year will be carefully followed in order to correct the losses and return to a normal situation.

There must be compliance with existing laws which fix responsibility for the management of the institutions and establish norms for their control.

7717

ECC Rural Emergency Plan Distributes 500 Tons of Seed to Farmers

33480034c La Paz EL DIARIO in Spanish
12 Nov 87 p 4

[Text] The PMPR II [Rural Mini-Projects Program II] of the EEC began delivering more than 500 tons of seed to 250 peasant communities in Patacamaya, Luribay, Sapa-haqui, and Charazani through the Agricultural-Livestock Credit Rotating Fund.

This credit was granted under the Emergency Plan that the PMPR II put into effect to help peasant communities in these areas affected by adverse climatic conditions during the last agricultural year.

These seeds were reportedly acquired in the city of Cochabamba from SEPA and SEFO which specialize in the improvement of seeds. They guarantee 90-percent germination, permitting the peasant greater success when sowing under harsh climatic conditions, especially in the Altiplano.

The leaders of PMPR II revealed that 20,000 bags of fertilizer acquired from Belgium as well as 30,000 kilos of pesticide and fungicide from Peru are also being distributed. The fertilizer is adapted to the soil and climate of the Altiplano.

To select the beneficiary communities, the credit officials of PMPR II evaluated the high losses in Patacamaya, Luribay, Sapahaqui, and Charazani and set priorities for supplies and technical assistance to those regions.

In order to improve sowing techniques, the PMPR II and the communities selected and interested in the agricultural-livestock credit asked more than 250 volunteer promoters to be trained in techniques for growing potatoes, fodder, and pasture as well as storage techniques. About 10 training courses were organized at the IBTA [Bolivian Institute of Agricultural-Livestock Technology] installations in Patacamaya between July and October.

The volunteer promoters had to report back to their communities about the cultivation plans initiated by the PMPR II in order to organize them for land preparation. Now many of the communities are in the process of planting based on the agricultural calendar of the Altiplano.

Finally, the leaders of the PMPR II revealed that the peasant is a good risk. Last year 150 communities received credits; 92 percent have completely paid their debt. This demonstrates a great sense of responsibility and mutual cooperation.

7717

Unclaimed Donated Equipment Sold as Scrap Iron
33480034e La Paz HOY in Spanish 5 Nov 87 p 9

[Text] No state enterprise bothered to pick up millions of pesos of equipment, tools, and machinery donated by other countries and international organizations. These are being auctioned off according to law.

That was learned from customs inspector Juan Asport's report to the head of the Inspection Department. It referred to the accusation HOY made on 8 October that negligence by various ministries and enterprises caused valuable equipment to be auctioned off as scrap.

Asport maintains that the people responsible are those who held executive positions in 1983 and 1984 when the UDP [Democratic and Popular Unity] Government obtained major donations but wasted them.

He explained that Customs fulfilled its obligation by promptly telling all the enterprises to pick up the merchandise that came through customs with the proper documentation.

The report added: "They did not consider this request important and will not come to the auction either." At the same time, it noted that only the UN delegation through ENDE came to pick up material from the "Geothermic Feasibility Study in the Laguna Colorada area."

The customs inspector revealed that the people who were in charge in 1983 and 1984 were responsible for thefts from the storage warehouses. They allowed a large quantity of pharmaceutical products to lose their effectiveness.

Asport added that no one came to claim the chemical agents, spare parts for mining and agriculture, implements and parts for tractors, and pipes. Therefore, auctions will continue according to law.

7717

Direct Elections Approval Sparks Presidential Campaigning

33420028 Sao Paulo VEJA in Portuguese
25 Nov 87 pp 36-41

[Text] On Sunday the 15th, at noon, when Senator Jamil Haddad (PSB-RJ) went to the microphone of the Constituent Assembly's Systematization Commission and said a yes that guaranteed the approval of the bill calling for presidential elections in November 1988, two parallel events, one understandable and the other unthinkable, occurred. The politicians had a party in Brasilia after counting the 48 to 45 vote signalling the beginning of the campaign to succeed President Jose Sarney and the dismantling of his government. The PMDB deputies went to celebrate at the Piantella Restaurant and those from the PFL met at the Florentino. The other unimaginable event of three years ago, when crowds invaded public squares to demand direct elections immediately in what was the greatest (to the point of giddiness) popular campaign in the nation's history, did not occur. In no large Brazilian city did the electorate gather to celebrate the opportunity to select the next president of the republic, a right it has not exercised in 27 years. "The elections provide a chance for the nation to come out of the crisis," states Deputy Jorge Hage of the Bahia PMDB, the author of amendment number 2036 which provides for direct elections next year. "The possibility of a change in government is already an element that opens the nation up," says Senator Fernando Henrique Cardoso (PMDB-SP). "The people are getting into the holiday season atmosphere, as a result they did not applaud the direct elections," asserts Deputy Francisco Dornelles (PFL-RJ). "From now until the arrival of carnival, no one is going to think about politics," adds Dornelles. It is true that the Systematization Commission's decision to hold direct elections in 1988 can be changed. All that is required is for a majority of 280 constituent assembly deputies to decide to overturn it in a plenary session. Last week, however, from the moment that Sarney announced his decision to accept a measure that takes two years of his term away from him and further threatens to impose a prime minister to split the running of his government's final months, the machinery of candidates, businessmen, leaders, and parties was getting in gear to settle who will succeed him. Since this is a billion dollar operation, the financing of which is estimated to be one billion dollars or 60 billion cruzados, it has powerful mechanisms which once put into action can only be turned back with difficulty.

Athletes of Modesty

"We are going through a period that is very similar to that of the end of the Figueiredo government," says Senator Marco Maciel of the PFL who, as happened toward the end of the previous government, has again changed his position and joined the opposition in the hope of keeping himself at the top of the new party in power. "President Sarney no longer cares about anything and it falls on the parties to take the lead in the political

process. The responsibility for the nation's future lies in our hands," states Marciel. Last week, with its motors already running, the succession machinery broadcast the first images of what the presidential campaign will be like. It is now shaping up to be a triangle of candidacies with Governor Orestes Quercia of Sao Paulo at one of the tips, Mines and Energy Minister Aureliano Chaves at the other, and the former governor of Rio de Janeiro, Leonel Brizola at the third. For at least the past month, Governor Orestes Quercia has been participating in talks about his candidacy. Until now, however, the man sitting in the Palace of the Bandeirantes has preferred to say that he has other ambitions. "My only candidacy is to govern well in Sao Paulo," the governor likes to repeat. He views his state ambitions so seriously that he spends an estimated 230 million cruzados monthly on television advertising campaigns. The campaigns deal with his work and especially with himself. There are signs that Quercia, the head of the slate, already has a running mate, the governor Bahia, Waldir Pires. Nevertheless, his favorite disposition is to mislead.

Last week, while hospitalized for 4 days in the Coronary Care Institute of Sao Paulo for treatment of his cardiac problems (see the report on page 48), Deputy Ulysses Guimaraes asked the physicians a question: "Do you think I could face a new election campaign?" A few days later, during a collective interview, Quercia made a courtesy gesture in the direction of his party's president. Asked who would be able to unite the PMDB, Quercia gave what was at once an obvious and innocuous response. "Ulysses would be a good candidate," said the governor.

"Whoever wants to accumulate strength must begin to work immediately," states Industry and Commerce Minister Jose Hugo Castelo Branco. One of the more charming facets of the current presidential contest is the candidates' attitude. During the initial phase which officially began last week, the majority preferred to show themselves as athletes of modesty and good behavior which is the reverse of the aggressiveness and even rudeness that traditionally fills the last leg of the campaign. For the past two months Minister Aureliano Chaves of Mines and Energy stopped showing up at his office in Brasilia with the regularity he had shown before as he devotes time to setting up a campaign committee. This committee already has advisors contracted especially to help him in the undertaking. Last week, however, when elections were already set, Aureliano preferred to change the subject. In his private meetings he goes so far as to admit that he is entering the fray, however, in public he concentrates on another target; the parliamentary regime approved by the Systematization Commission. "A parliamentary system is not part of the Brazilian people's traditions," affirms Aureliano.

Hour of Bad Humor

Friday night, a classic situation on political campaigns presented itself: the candidate on television. The main star of 60 minutes of free PDT air time, former governor

Leonel Brizola made a dragged out appearance during which he strained to build a small platform of novelties. One of these is that of the moderate candidate. Last week, the former governor did not repeat his threat to nationalize the banking system as he had done in the past. During the first part of the program, Brizola went so far as to say that the current government, which permits him to go on television to preach his ideas in the living rooms of each viewer, "is worse than the dictatorship," a regime that exiled and silenced him. A stubborn seeker of new ideas, the former governor created on tape an original theory on the distribution of per capita income. According to his theory, the best way to raise income is to decrease the number of "capitas."

A contest of great dimensions and unforeseeable outcome that will put at risk the fate of the political transition started by President Ernesto Geisel's opening, President Jose Sarney's succession caught a large number of candidates in bad humor. In Brizola's own PDT, where the shortest roads to the Planalto have been examined since President Joao Figueiredo's time, the problem is that the 1988 direct elections are accompanied by a parliamentary regime. According to a majority of the former governor's followers, that bill smells of a conspiracy. "It was only thanks to an agreement between the conservatives and the military that the four years were approved," states Deputy Luysaneas Maciel (PDT-RJ). "Everything was negotiated there so that the military could do what it wants with the amnesty for the discharged," adds Lysaneas in reference to the vote by the Systematization Commission rejecting the proposal to reincorporate discharged active military personnel and compensate them for the period in which they did not receive army pay. Next year's election took the communist leadership by surprise. It has not even decided if it will run on its own. It also unraveled a plan being made within the PT to raise Lula's candidacy for mayor of Sao Paulo where, according to public opinion polls, he is the voters' choice.

Also in the PMDB, next year's election comes as a damaging risk. It is true that a good part of the governors who had been ill treated by Brazil's coffers decided to take revenge on President Sarney with the vote on direct elections in 1988. That was the case with Miguel Arraes of Pernambuco, recalcitrant with a government that took away his command over the SUDENE, and Waldir Pires of Bahia who habitually complains saying that the Planalto sets aside a "bread and water" treatment for him. Even Moreira Franco of Rio de Janeiro abandoned the struggle for elections in 1989. Within this framework, which could give the appearance of a chorus of unanimity in favor of direct elections, there is a curious exception involving the member of the PMDB most directly interested in the Sarney succession. In the Bandeirantes Palace, the residence of the person that Miguel Arraes, Waldir Pires and Moreira Franco describe as the ideal candidate to enter the boiling cauldron of the contest, the idea of an election next year was not welcomed because of the surprise and the occasion. Governor Quercia has

admitted to at least one person a few days ago that next year's contest is a plan that favors the Planalto's and the PMDB's greatest adversary: Brizola. Quercia states, "I think five years is a better solution."

The campaign to succeed Sarney has, initially, put in motion a mechanism that no one knows exactly what it is. Undoubtedly, it will be the biggest election in the nation's history. It is estimated that 80 million people or almost 60 percent of Brazil's population next year, will go to the polls. It is also known that the race will be expensive. With less than \$200 million, 12 billion cruzados in today's money, no party will have the fuel to power its candidate to the decisive kilometers of the final stretch. "This contest will not permit amateurs to participate," states Governor Tasso Jereissati of Ceara.

A Hole in the Patrimony

Last week such a difficulty began to undermine the candidacy of businessman Antonio Ermirio de Moraes, the owner of the Votorantim Group, the largest Brazilian private company. Antonio Ermirio, who came in second in the race for the Bandeirantes Palace, began to sow the seeds of his candidacy in various departments of the political system. Ever since the idea to run for the presidency began to take a serious turn, however, Ermirio has been confronting tough to overcome resistance within his own family. According to someone close to the Votorantim Group, members of Antonio Ermirio's family are reportedly uneasy with the possibility of seeing the businessman in a new race. It is estimated that last year's campaign, a much more modest one in aspirations as well as cost, set his patrimony back \$35 million.

However, the effect of other events is not known. The president will be selected in the same election as the mayors of Brazil's 4,000 municipalities and, as was the case with the elections for the Constituent Assembly, which was elected with the state governor, it is possible for at least one of the two races to be harmed. The election will be in two rounds, which gives rise to the possibility of having the newly elected mayor openly campaign for one of the presidential candidates during the second round of voting. In the competition for votes from an electorate that is five times larger than the one that took part in the Janio Quadros election of 1960, the candidates will concentrate their chase for votes in two slices: the geographic and the social makeup of the nation.

Drastic Change

Geographically, the slate that brings the Sao Paulo and Minas Gerais electorate together will already have covered half the road. This area has 30 percent of the Brazilian electorate concentrated there. However, the big novelty occurs in the social aspect of the race. It is here that a savage transformation has taken place. After the war, the middle class had a great deal of weight in the selection of a new president. At that time, races were organized with a little more than one-fifth of the population being summoned to

go to the polls. Now, the context is quite different. It is estimated that 70 percent of the nation's 80 million voters are people who get along on a meager budget of 9,000 cruzados per month or less. A situation that will make the less favored strata of the population the decisive factor in the race. In the past, for example, the parties of the left practically had a monopoly on courting the labor unions. Now, there will be open season on the unions fostered by politicians from both camps. "The nation is going backwards," states Luiz Antonio de Medeiros, president of the Sao Paulo Metalworkers Union, the largest union in Latin America. "No one has a candidate, but one thing is certain, only the politician who announces real improvements to the workers will win," added Medeiros. Within this realm of change, there is a different place for the political parties. Last year, the PMDB the Cruzado jersey, mended the shreds of its internal flights and nailed a victory from end to end. It won 22 of the 23 state governors' races and 309 of the 559 seats in the Constituent Assembly. Now, with the government in tatters and without the least possibility that Sarney will make arrangements to launch a new economic salvation plan to help the PMDB's electoral accounting, the power of the party leadership is beginning to crumble. "The party machinery has become rotten," states Minister Antonio Carlos Magalhaes. "To have a candidacy shaped only by a political party will not resolve anyone's problem," says the minister. Between the Constituent Assembly's vote last Sunday and the direct elections scheduled for next year exists a great deal of obscurity where nothing can be discerned beyond a couple of yards in front of one's nose. Last week, to further complicate the rules of the game, there emerged in the Constituent Assembly the idea of changing the direct election into a proportional one; a system similar to the American one. Under these circumstances, a different type of election would have to be held. Each state would be given a certain number of points and the people would go to the polls in each state. In the end, the candidate with the greatest number of points would win. In theory, it is an idea that can produce elections as clean as those in the United States. In the wings of the Constituent Assembly, meanwhile, the Shiites sitting in the benches of the Northeasterners were pleading for a point system in which a state such as Sao Paulo, where 16 million voters live, would have four points while Acre, where 150,000 voters live, would have one half point. With this type of mathematics, the following would occur: The vote of a Sao Paulo resident would be worth 20 times less than the vote of someone living in Acre.

Australian Novel

In a world subject to so many changes, the presidential campaign has begun to project the shadow of two political giants: Orestes Quercia and Leonel Brizola. Even though they belong to opposite camps, both like to win elections by resorting to fantasy. Last year, Quercia snapped up 5.8 million votes thanks to a work of fiction, Operation Fat Bull, and to the profession of faith in a "stage production," the promise that the Cruzado Plan's price freeze would not be ditched at the moment the votes were to be counted. Brizola's fantasy lies in an acronym, CIEP, which stands for Integrated Center for

Public Education. On the stump, Brizola likes to repeat that he will build CIEP's nationwide. While he was in the Rio government, he announced that he would build 500 schools of this type. He was able to build 195. Now, to respond to needs of 38 million Brazilian school age children, Brizola would have to start the huge undertaking of putting up 225,000 CIEP's on his first day at the Planalto. Once elected, given the true progress of the construction, the former governor would have to remain in power up to the year 2102, when he would have fulfilled his election promises at 180 years of age.

Last week, on national television, the PDT president once again presented one of his favorite fables: the Australian Novel. According to him, the proof of Brazil's ills lies in the fact that Australia, which has a similar geography to Brazil's, a similar economy and exports, now has a per capita income of \$9,500 while per capita income in Brazil lies at \$1,900. "There is something rotten in this Denmark," asserted Brizola, showing shock at the difference. In reality, there are many rotten things in the Brazilian political Denmark, which Brizola is part of. However, the spread between Australian per capita income and Brazil's cannot be exclusively attributed to the moral factors of the society.

Brizola put forth a statistical malversation because, while Brazil has 140 million people, Australia only has 16 million. That is, Australia's entire population could fit in Greater Sao Paulo and Greater Belo Horizonte. Built into Brizola's numbers trick is the loss of 124 million Brazilians. If this were possible, which would be an exercise in the increase of a nation's per capita income by way of a reduction in the number of people instead of through an increase income, Brazil would come out of this trick, according to the PDT, in impeccable conditions. Finally, the 140 million Brazilians produce an annual GDP of \$246 million. By losing the 124 million who muddled Brizola's calculations, the survivors would be left with an annual income of \$16,500, by far, superior to the Australian per capita income.

With a budget second only to that of President Jose Sarney's, Orestes Quercia has a very ambitious dream: to repeat the Tancredo Neves strategy. Neves was an astute candidate who did not reveal his plans to anyone while allowing the formation of a strong even fat union around him. Candidate Quercia is developing friends, planning alliances and arming a campaign while wanting to give the impression that he did not enter the race because he wanted to but because others asked him to do so. Concerned with transforming yesterday's adversaries into tomorrow's election managers, the governor maintains a peace pact with the Sao Paulo PDS and the PFL, two sister parties led by Deputy Paulo Maluf. A few days ago in Brasilia, with a weakened Sarney, Quercia showed an attitude of loyalty and even vehemently condemned the action of those governors who decided to support the plan to hold elections next year.

The Ghost and the Light

In the same way that Brizola's campaign impresses because of the noise, Quercia's disquiets his adversaries because of the silence. The governor avoids touching on the subject even to people close to him. For example, in the beginning of the previous month, at the end of a meeting with Sao Paulo businessmen, a business leader posed the possibility of Quercia entering the presidential race. "I am not going to lose three years in office to enter upon an adventure," said the governor. The conversation continued calling to mind the Tancredo Neves case. Neves left the Minas Gerais government in the middle of his term to run against Maluf in the electoral college. "I am not 70 years old, I am 40 something," responded the governor who has already had his forty-ninth birthday. "Sao Paulo is not Minas Gerais. I will only run if the horse is saddled," added Quercia in a sentence as subtle as a streetcar. Because whenever businessmen look for a politician to offer their support to they can guarantee a stable of support, imported feed, and even a saddle with gold overlay. The only thing they cannot give him is the game for the campaign, that is, the votes.

In the present phase of the succession, Quercia knows that even his adversaries are playing in his favor. The greater Brizola's influence due to the strength of his standing in the public opinion polls, the greater the legion of forces to seek him out. "The businessmen do not have a candidate," states Carlos Eduardo Moreira Ferreira, first vice president of the Federation of Industries of the State of Sao Paulo (FIESP). "For now, our unity is against Brizola," adds Moreira Ferreira. Some of the campaigns underway, such as the PFL push for Aureliano Chaves, exist simply out of a partisan need. There are also those campaigns that have begun to skid in the tangle of their leaders, such as the case with Senator Mario Covas of the Sao Paulo PMDB who was more popular in the campaign for the four years than he is within his own party. Quercia's campaign seems to give the impression that it is moving along by itself and the governor does his best to confirm that possibility. The possibility arose in Brasilia that, in the wake of ministerial reform, the state's secretary of health, Professor Aristodemo Pinotti, would be awarded a position in the Sarney government. The secretary did not find that a good idea because the funds he oversees are greater than those available in Brasilia.

"I do not want to go," said Pinotti in his conversation with Quercia. "You do not want to go?" the governor asked surprised. "I want to go to Brasilia with you," responded the secretary. Quercia responded in a serious tone, "I am not a candidate." With the same naturalness, last Friday Pinotti and Quercia initiated an operation to remove 99 physicians affiliated with the PT who were being sheltered in the Sao Paulo government machinery in what was a preventive action against possible nuisances in the middle of the campaign. "These are people who go on political strikes against the authority of the governor," states Pinotti. "They were health center

directors and strike leaders," the secretary accuses. Opened at a time in which President Jose Sarney shows the weaknesses of a government whose crisis bleeds like an open wound, the presidential succession brings back a frightful ghost and it also leaves a shaft of light in the air. It becomes an illusion to think that there is no threat of a military coup in the midst of the race for the Planalto. That possibility has a seductive side for certain people who are frightened by the possibility of a Brizola victory. The point is that there is no coup against a candidate only against public freedoms. The bright side of the direct elections in 1988 is its simplicity. Brazil now has a government that is dragging its political decomposition in a depressing manner and the possibility of guaranteeing each voter the right to select who will succeed it represents good news in the midst of the confusion.

What Is Changing in the Upcoming Elections?

In the chapter dealing with the elections, the Systematization Commission approved some articles, which were later approved by the plenary session, that change the race for the succession into a novel game for the nation. This is so both for those who have already run for an office in the executive branch as well as for those who voted in the last presidential election. In the race that took Janio Quadros to the presidency of the republic in 1960, there were 15.5 million voters representing only 23 percent of the population. Next year, close to 60 percent of the population will have the right to put their ballots in the ballot boxes. This represents 80 million people who will also choose the mayors of the nation's 4,000 cities.

There is another novelty, an election in two rounds that is very different from the one in 1960 when Janio was elected with 36 percent of the vote. This time, the result of the first round of voting will only be valid if the candidate with the most votes obtains an absolute majority. Since it is difficult for this to happen, we will go to the second round of voting with only the two candidates who received the most votes. There is also the possibility of electing the president through a system of proportional voting, where each state carries a certain number of points which the members of the constituent assembly will establish. Upon winning the election in a given state, a candidate carries the number of points represented by that particular state. The candidate who obtains the greatest number of points wins the election. This is a manoeuvre to reduce the importance of the southern vote.

1. As a result of the decision of the Systematization Commission of the Constituent Assembly, President Sarney's term is reduced to 4 years and beginning in March 1988 Brazil will have a parliamentary form of government.

2. The direct elections and the parliamentary system of government proposals, approved by the Systematization Commission, can be defeated by the Constituent

Assembly's plenary. The full assembly can defeat the proposals so long as there are 280 votes in favor of defeating them. It is estimated that that discussion will not end before the end of January 1988 or at least within the next two months.

3. Four years with a presidential system: Should this be approved by the full assembly, President Sarney would leave the Planalto Palace in March 1989 and his replacement would be elected by direct vote in two rounds. The elections would be held in November 1988.

4. Four years with a parliamentary system: The true end of the Sarney government would begin within a few months. Starting in March 1988, Sarney would be forced to divide his responsibilities with a prime minister elected by Congress. His term would be shortened by one year.

5. Five years with a presidential form of government: This is the Planalto's preferred solution. President Sarney would remain in office until March 1990 and he would have full power to govern. His replacement would be chosen by a direct election in November 1989 and he would take office with the same powers as Jose Sarney.

6. Five years with a parliamentary form of government: With this proposal Sarney would remain in office for as long as he wants but he governs in a way that he does not want. The president would transfer important functions, such as the elaboration of a government program, nomination of ministers and even foreign debt negotiations, to the prime minister.

9935/9274

Internal Division, Common Goals of Big Center Group Viewed

33420035 Sao Paulo VEJA in Portuguese
2 Dec 87 pp 34-37

[Text] Since its inauguration 10 months ago, the Constituent Assembly has given birth to no fewer than a half dozen groups rallied around the defense of some theory, as in the case of the Democratic Center or the Progressive Unity Movement, both created within the PMDB [Brazilian Democratic Movement Party]. In addition to not congregating the majority of the legislators up to now, all of them have in practice had the existence of a shooting star: exuberant, rapid and inconsequential. Last week, when the latest of these creations, the so-called Big Center, made up half of the plenary session and managed to win approval of a petition for giving priority to a draft for changing the rules of the Constituent Assembly, the birth of an exception was confirmed with respect to a majority, but the suspicion remains that the bloc may not go beyond that. The group of 300 members of the Constituent Assembly, gathered under the label of Big Center, wants a radical change in a large part of what was approved by their colleagues of the Systematization Commission. However, with its impressive size it dares

to exhibit an accordion-like action with respect to the upcoming votes, expanding in the discussion of some subjects, and contracting in the discussion of others, but always with a lot of noise.

"It was a resounding victory," celebrated Sao Paulo Deputy Delfim Netto of the PDS [Social Democratic Party], one of the members of the Big Center, after the group had its petition approved by 271 votes to 223. "It was a very great defeat," acknowledges Deputy Antonio Perosa of the Sao Paulo PMDB, who is the right arm of Senator Mario Covas in the leadership of the legislators fought by the Big Center. With the approval of its petition, the group seeks to change the rules of the Constituent Assembly to facilitate and broaden the discussion in plenary sessions of the subjects already approved in the Systematization Commission. The way it is now, the rules favor the safe passage of controversial items through the plenary assembly. With the change the Big Center wants to make, its members will not have to concern themselves with lining up the cabalistic number of 280 votes to defeat them—the others are the ones who are going to change to make up such a majority and ratify the articles that are of interest to it. "The vote of 47 members of the Constituent Assembly cannot represent the will of the majority," says Deputy Jorge Viana of the PMDB of Bahia, one of the members of the Big Center, in a reference to the minimum number of legislators that were required for the approval of an article in the Systematization Commission.

Scramble

The common target among the legislators of the Big Center most easily identified is the defense of private enterprise, which the members of the bloc believe has been harmed by the steps taken up to now. Of the 500 suggestions for change in the draft of the Constituent Assembly already collected by Deputy Jose Lins of the Ceara PFL [Liberation Front Party], who coordinates the systematization of the Big Center's targets, the great majority proposes the defeat or change of items such as the ban on dismissals without reason, the national monopoly on fuels, double pay for overtime, tax surcharge on companies and the definition of Brazilian enterprise, in short, a collection of subjects that in many cases are also condemned outside the bloc. "The Big Center showed itself to be capable of changing a philosophy that was ingrained in the Constituent Assembly," says Deputy Expedito Machado of the PMDB, one of the members of the Big Center.

With that banner of private enterprise, the Big Center won significant boosts from businessmen last week, boosts such as five airplanes chartered specifically for the transportation of members of the Constituent Assembly, who were out of Brasilia and found difficulty in returning to the Plenary Session in time for decisive voting on their interests. Wednesday afternoon, when the news that the Big Center had not yet managed to put together a majority for approving its petition reached the

auditorium of the National Confederation of Industry where the presidents of the state federations of the sector were meeting, the meeting was halted so that the business leaders could go out hunting for the legislators from their states and take them to their work place. "We cannot fall into the same pitfall of the voting on employment stability," explained Senator Albano Franco, president of the CNI [National Confederation of industries], recalling the lack of coordination between businessmen and legislators that concluded with the ban on dismissals without reason in the Systematization Commission.

Promising Road

Some of the absurdities approved in the systematization Commission have been much discussed. It is true that an insane proposal was invented of retirement on full salary that benefitted those who earned a great deal but weighed heavily on the purse of those with modest pay, in addition to the foolish provisions such as the mandatory rule that companies had to hire 10 percent of their personnel from among workers over 45. Despite that, not even in the minds of the most radical of the legislators did there appear a plan as obtuse and rapacious as the idea of Minister of Finance Luiz Carlos Bresser Pereira to levy a tax of 0.5 percent per year on any property valued at more than 5 million cruzados that belonged to any natural person—a move for paying for the financial lack of control of the government, whose target is the pockets of the middleclass once more. From another point of view, it is undeniable that the Big Center has the right to try to change the provisions that bother its members of the voting base. However, the indiscriminate attack on the work accomplished up to now in the Constituent Assembly is nothing more than a political joke, attack such as that made by some deputies of the Big Center who deny the obvious when they contest the improvements of text since its writing was begun in the subcommissions. "The objects of discord do not exceed 20 items," asserts Senator Mario Covas in a signal that the confrontation in the plenary session is not as serious as expected. "Some can be negotiated, others will have to be decided at the voting base," says Covas.

On a promising road, the lobby of business organizations, that includes bankers, manufacturers, retailers and farmers, who are members of the Free Enterprise Front, is also advocating negotiations. Wednesday morning the president of Firjan, Arthur Joao Donato, was working together with the Rio de Janeiro members of the Constituent Assembly, while those of Rio Grande do Sul were holding a similar meeting under the guidance of Deputy Antonio Britto (PMDB-Rio Grande do Sul). In more reserved meetings, the superintendent of the Votorantin Group, Antonio Ermirio de Moraes, and the president of the National Confederation of Commerce, Antonio de Oliveira Santos, also discussed their ideas about the Constituent Assembly. At the home office of the Mendes Junior Construction Company, leaders of contractors, miners, bus concessionaries and bankers

held meetings in succession. Wednesday night, executives of the fuel distribution multinationals dined with Deputy Alvaro Valle of the PL [Liberation Party], who was fulfilling his schedule of meetings with members of the Constituent Assembly.

First Crisis

Other than the dozen economic subjects listed by the businessmen themselves, the Big Center does not emit any signs of agreement on its ranks. Its members do not know, for example, whether the majority of the members of the bloc advocate the parliamentary or presidential system, and none concern themselves with taking a count of choices in that area. In the makeup of the bloc are the well-intentioned, who seek to democratize discussions and give dashes of reality to the future constitution, legislators who feel excluded because they are not in the Systematization Commission, and members of the Planalto representation who dream of overturning the defeat of President Jose Sarney, the question of the duration of his term and the form of government, one of them being Deputy Carlos Sant'Anna (PMDB-Bahia). There is also a group of radicals of the right, whose objective is to create a constitution that is some steps behind the one in effect. In that spectrum, that runs from the center to the extreme right, no one has been found who is willing to occupy the leadership. Invited to assume it, Senator Jarbas Passarinho of the PDS of Para, changed the subject and today 26 legislators of various learnings make up the group that coordinate the Big Center without the agility required in the fast-paced environment of the debates.

Created on a broad conservative base with room for the liberals of the PMDB such as Sao Paulo Deputy Theodoro Mendes, or of the PFL, like Deputy Jose Tomaz Nono, and even of the PDS, like Senator Roberto Campos, the Big Center had 308 legislators before the voting of last week. It suffered two dozen defections up to Wednesday and it sank into its first crisis after its victory. Voting on the change of the rules themselves was scheduled for Thursday but the Big Center then discovered that since it contained legislators of such diverse types as Delfim Neto and Jose Sarney Junior (PFL-Maranhao), it was not even united around the proposal it submitted to the Table of the Constituent Assembly. "We are going to commit an asininity," complained Deputy Gerson Peres of the PDS of Para, fearing approval of the change submitted by his group, in which he does not agree with the voting on deletions before completion of the draft proposal. "If we approve that change, the Constituent Assembly will never finish," added Deputy Jorge Arbage of the Para PDS, who disagrees with the submission of amendments in the second round of voting and abstained from voting in favor of the Big Center petition.

Postponed Voting

In the confusion caused by the lack of leadership, the right wing of the Big Center led by Deputies Jose Lourenco of the Bahia PFL, Amaral Netto of the Rio de

Janeiro PDS and Roberto Cardoso Alves of the Sao Paulo PMDB, insisted on voting on the changes in the rules despite the tendencies of their more moderate comrades who were willing to negotiate. Convinced to change his opinion reluctantly after a speech by Sao Paulo Senator Fernando Henrique Cardoso acknowledging the defeat of his group and appealing for understanding, Amaral Netto was nevertheless the protagonist of an embarrassing episode Wednesday night at the Florentino Restaurant. While members of the Big Center celebrated their victory in the Constituent Assembly, the deputy used a term of gutter language to refer to the president of the Assembly, Ulysses Guimaraes, and made vulgar comments about his legislative colleagues. "I was drunk," justified Amaral Netto.

Finally on Thursday, after an uneasy process of negotiation, which even included a visit by Fernando Henrique Cardoso to the home of Deputy Ricardo Fiuza of the PFL of Pernambuco and telephone calls from Ulysses to governors such as Moreira Franco of Rio de Janeiro, the postponement of voting to Wednesday of this week was agreed. In addition to the proposal of the Big Center, which stipulates changes to democratize the process of discussion, there is an alternative sponsored by Deputy Ulysses Guimaraes that stipulates a quorum of 187 members of the Constituent Assembly for the submission of substitutions and opens space for amendments and deletions to the draft that came out of the Systematization Commission. A third option was revealed by Deputy Guilherme Afif Domingos of the Sao Paulo PL, proposing discussion by chapters. "What I fear the most is an institutional crisis because of the lack of a constitution," declared Ulysses when he heard the proposal by Afif, which the president of the Constituent Assembly considers viable for giving a voice to the majority without delaying the work even more.

[Box, p 34]

What the Group Wants To Change: The Changes the Big Center Wants in the Rules.

From the political point of view, the changes the Big Center wants to make in the rules of the Constituent Assembly reflect the intention to democratize the discussion of what was approved in the Systematization Commission, and at the same time, facilitate changes in the draft. From the viewpoint of strategy, it is a maneuver designed to defeat the theories that displease the Big Center, and simultaneously, hinder the debate on others that the group seeks to insert in the draft. The following are the main differences between the present rules and the proposal by the Big Center for changing them.

Majority

The present rules—to defeat any article in the draft in the plenary session, it is necessary that an absolute majority of the members of the Constituent Assembly, 280 legislators, vote against the provision. It is very

difficult to collect those votes continually for each controversial article of the text. Therefore, there tends to prevail that which was approved in the Systematization Commission, where a majority of 47 legislators was enough.

The Proposal by the Big Center

The idea of a group is to invert that political arithmetic. Whenever an article receives an amendment and it is approved by the majority, the article is abolished and the amendment remains in its place. In that case, that which was approved only the Systematization Commission is exchanged for an item accepted by a majority of the Assembly. If an amendment is not approved, the original article is still not saved. It is necessary for it to be ratified by a majority vote. In that respect, the Big Center proposal is more democratic than the original rules.

[Box, p 35]

Substitute

The Present Rules—there is no possibility of submitting substitutions to the Transitory Provisions, the latest section of the draft that deals with details that should be adapted with the adoption of a new constitution. The Proposal by the Big Center—Like for other parts of the draft, the proposal of substitutes for the entire text of the Transitory Provisions is allowed.

The problem in that case is that this section of the proposed constitution contains articles such as the one that establishes the term of President Jose Sarney as 4 years and that which prevents the change in the parliamentary system of government, up to now approved, in the first 5 years of its existence. Since everything can be changed by a single stroke, Sarney's term of office, one of the most controversial subjects of the Constituent Assembly, can be decided without it even being considered separately in the plenary session. The proposal in that case is also less democratic than the rules.

[Box, p 37]

Membership of the Big Center: A Group of Active Personalities

With its almost 300 members, the Big Center is an elastic group in size and enfoldes liberals of the PMDB and fighters of the noisiest right such as Deputy Amaral Netto. Its point of unity: advocates a more ample discussion of the articles of the constitutional draft. Following are some of its most active members in the battle of the Constituent Assembly.

Amaral Netto

At 66 years of age, the leader of the PDS in the Constituent Assembly is one of the noisiest voices of the right. He defended the military governments with ardor. A deputy from Rio de Janeiro, he won many votes by

advocating the Amaral, incidentally, was already in the MDB [Brazilian Democratic Party] in 1967, when he acted in partnership with Senator Mario Covas, today his greatest adversary.

Exedito Machado

A native of Ceara, he is a former military man, former member of the PDS, and minister of transportation and public works under Joao Coulart. He was cassated in 1964 and at 69 is the dean of the Big Center. He created the "Democratic Center" in the PMDB in an attempt to group the conservatives of the party. A millionaire, he is the owner of eight companies, among them Villajack Jeans and Coca Cola of Rio Grande do Norte.

Ricardo Fiuza

He passed through ARENA and PDS and he is now in the PFL. A Pernambuco Deputy, he is 48 years of age, a tenacious enemy of communism and defender of the sugar mill owners and the military. A few days ago he hit Deputy Haroldo Lioma of the Bahia PC do B [Communist Party of Brazil] on the chest in a quarrel about Albania. He describes himself as being of the center-right. It would be difficult to say who is to the right of him.

Roberto Cardoso Alves

The owner of several farms in Sao Paulo, he has a hot temper, and very expansive. Deputy "Robertao" is one of the most active leaders of the Big Center. He is the standard bearer of the most conservative wing of the Constituent Assembly. His PMDB is not that of Mario Covas. He was cassated in 1969 when he was in ARENA, and he returned to politics in the PMDB. He is a supporter of the UDR.

Carlos Sant'Anna

The Big Center has been up to now one of the few victories obtained by the leader of the government forces in the Constituent Assembly. From Bahia, a doctor and former member of ARENA, Deputy Sant'Anna joined the PMDB and became a follower of Tancredo Neves early, winning for himself the Ministry of Health in the Sarney Government. At age 56, he is married to a hygienist with ideas for the health sector similar to those of the PT [Labor Party].

Luis Eduardo Magalhaes

A surprise in his debut as a legislator, the 32-year-old deputy from Bahia, son of Minister of Communications Antonio Carlos Magalhaes, has been outstanding as a negotiator. Tough in the defense of his ideas, he knows how to promote understandings between warring groups and in that situation, he circulates without restraint in his party, the PFL, and in the Big Center.

Former Naval Minister Says Country Lacking a Leader

33420032b Rio de Janeiro O GLOBO in Portuguese
2 Dec 87 p 2

[Interview with Adm Maximiano Eduardo da Silva Fonseca; date, place, and occasion not given: "Maximiano: Leader Lacking in Brazil"]

[Text] In an interview with O GLOBO, Admiral Maximiano Eduardo da Silva Fonseca, who for a period of 5 years was minister of the Navy (under the government of Joao Figueiredo) and who, beginning at 7:00 p.m. today, will launch his book "What Makes This Country Safe" at the Rio de Janeiro Yacht Club, states that Brazil is lacking a leader, "a man who has been successful in life, a serious and competent administrator." Currently one of the six directors of PETROBRAS, Maximiano Fonseca notes "a certain timidity in President Sarney," adding: "The ministerial reform that he promoted was overly timid, when he had everything needed to carry out a good reform." The admiral feels that a parliamentary system is not suitable for Brazil, and he says that, in his view, the term of the president should be 4 years, with the right to be re-elected.

[Question] You say in your book that a common defect of administrators is timidity in making decisions. Do you consider President Sarney to be a timid administrator?

[Answer] Perhaps a certain timidity, but I respect his reasons, because it is very easy to criticize. The ministerial reform that he promoted was overly timid, even though he had everything needed to carry out a good reform. If the full Assembly approves the 4-year term and the parliamentary system of government, the President will have to carry out another ministerial reform, because the parties are not giving their support.

[Question] The Organizational Committee approved the parliamentary system. You do you think of that?

[Answer] A parliamentary system is for professional politicians, like in Italy, where the Prime Minister changes but it doesn't disturb anything else. Here, no; when the leadership is changed, even the office boy and the doorman are replaced. That system is not going to fit in Brazil. I believe it will not last long.

[Question] If the elections took place today, who would be your candidate?

[Answer] Who am I to launch someone's candidacy? There are plenty of good men around, such as Antonio Ermirio de Moraes and Aureliano Chaves, whom I respect highly.

[Question] Would you vote for the former governor, Leonel Brizola?

[Answer] Under no circumstances. I do not believe in him. Look at what he did about the governor of Rio. I would vote for Lula, if the opportunity arose, but never for Brizola. Lula is undeniably a leader, but it's too bad that he only sees things from one point of view, and Brazil's problem is not just the suffering of workers. He must have a broader viewpoint. A leader is lacking in Brazil, a man who has been successful in life, a serious and competent administrator. It would be best if we had a politician who was a good administrator or a businessman who wanted to get into politics, but I don't know whether Antonio Ermirio would govern well, despite the fact that everyone knows how hard he works. I think that he lacks political tact.

[Question] How long do you feel the term of President Sarney should be?

[Answer] If I could I would pick 4 years with the right to be re-elected, because, if the fellow is good, the people will return him to power.

[Question] Your departure from the Figueiredo government, after 5 years and 6 days during which you held the position of minister, was widely commented upon at the time. You say in your book that you were the victim of a plot close to the president. Who carried out the plot?

[Answer] I don't want to give the names. I had written the names in the book, but I removed them so as not to create further animosities. They are still there, though they are less in view. They are persons who did not like what I was saying, because I speak truly.

[Question] Are they military people or civilians?

[Answer] I never had any problems with my military colleagues. All of them supported me at all times, including President Figueiredo, and the only time that he ever called attention to me I left the government, precisely because of the plot.

[Question] When General Figueiredo left the government, he asked the people to forget him, but he recently returned upon the scene with a statement. Isn't this inconsistent?

[Answer] No, he has the right to make a statement, both as the former president and as a citizen. He was the one who allowed that openness, which is there today.

[Question] And the assassinations during the Figueiredo government? The guilty parties have still not been found today.

[Answer] It is true that the guilty people have not been found, but I too am unable to say anything because I have no proof. Even if I knew a lot I would not go around talking about it, especially to you, a journalist. I learn of everything right away, just like that, but I repeat, I have no proof.

[Question] Were they military people?

[Answer] You shouldn't suspect only the military people. You have plenty of civilians involved in dirty business. President Figueiredo, in my view, was even very kind to those people. Brazil needs authority without authoritarianism, a hard-line leader.

[Question] Do you blame anyone for the present chaos in Brazil?

[Answer] Mr. Janio Quadros. He was in the opposition; he won with a wide majority from the incumbent candidate (getting my vote as well), but he quit, blaming hidden forces, which are nothing more than political forces. He held in his hands the hopes of millions of Brazilians, and he threw it all away, leaving us with the hopelessness that is out there.

[Question] Do you believe the military will return to power?

[Answer] Under no circumstances. We took a taste and now we are immune. We would intervene only if there were general disorder, but I believe that the politicians will find an appropriate path for Brazil. I'm pulling for it.

13331

Deficit of State Firms Triples in 1987

*33420033d Rio de Janeiro O GLOBO in Portuguese
7 Dec 87 p 15*

[Text] Brasilia—The projected deficit of state-owned enterprises this year has been exactly tripled. Initially, the government estimated that the deficit for those firms would be around 0.6 percent of GNP; by the end of last month, the goal was changed to 1.9 percent and officials of the Ministry of Works had already admitted that even that number would be revised upward.

According to the Ministry of Works, the causes of the exaggerated increase in the deficit fall on the Eletrobras and Siderbras groups. The state electric utilities neither collect the RGG (General Reserve Guarantee) and the RGR (General Revised Reserve) owned them, nor pay for the energy bought from Eletrobras.

In the case of Siderbras, a decline in steel demand was one of the reasons for the fall in its receipts. But decreased steel prices and electricity rates were the primary cause of the fall in income, both for Siderbras and for Eletrobras. The lack of resources, according to the Ministry of Works, resulted also in an increase in financial charges on the bank debt. As a consequence, the expected debt of Eletrobras grew from CZ \$17.9 billion to CZ \$62.5 billion, and that of Siderbras from CZ \$52 billion to CZ \$89.1 billion.

But those were not the only two firms with problems. In others, including state and municipal enterprises, the primary difficulties were: decline in the generation of income, due to the fall in prices; increased personnel expenditures beyond budgetary projects; and increased financial charges. In the federal administration, whose budget deficit increased from 1.4 percent to 1.8 percent of GNP, the main villains were: additional personnel expenditures on the order of CZ\$80 billion; increased expenses as a result of the purchase of wheat (another CZ\$25 billion); and high charges on the public debt (more than CZ\$12 billion).

The Head of SEST Believes That in 1988 the Only Thing Left Is To Exert Pressure

Secretary of Control for State-Owned Enterprises (SEST) Julio Colombi states that the deficit problem of the state enterprises would be softened if they had "a budget more reflective of the inflationary reality of the country." That did not happen this year; the result was additional expenditures of more than CZ\$229 billion.

In 1988, the goal established by the budget of 0.5 percent of the GNP, CZ\$166 billion, represents an "enormous effort," says Julio Colombi. He points to a series of factors, such as pricing problems, receipts, and personnel expenditures which, added to the reduced budget, are always the primary causes of the deficit explosion.

With respect to the deteriorating budget, the problem is inflation projections. "Projecting a rate lower than that which actually occurs, the budget ends up being compromised." This will also happen in 1988, with an inflation projection averaging 158 percent, which he already considers unrealistic. Disrespect for pricing policy is also a serious problem. "In inflation, for example, of 12 percent per month, one week of delay in the authorization for an increase will already compromise the input of resources for the enterprise."

This year, SEST was surprised by salary increases above those projected in the budget, as well as those authorized by the Banco do Brasil and by the Central Bank. The same problem could occur in 1988, and in that case the estimate for personnel expenditures of CZ\$713 billion possibly will not be sufficient.

There is still the question of state investments, which Colombi considers "difficult to be balanced" because they are unpredictable. "It is impossible, for example, to cut the investments of Eletrobras," he stated.

The Secretary is convinced that controls on state enterprise expenditures will be perfected. He reminds us that the first measure has already been adopted in the budget, with the signing of each Minister to which the enterprise is connected, within the deficit limits that each is authorized to present. But Colombi admits that for the Secretary of SEST the only thing left is to "exert pressure to

induce respect for planning for increases in rates and public prices, authority and austerity in budgets, and co-responsibility of the directors. Only the Pope could do more than that."

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State Firms' Debt of \$2 Billion Detailed

33420022b Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 8 Nov 87 p 49

[Text] Brasilia—The big state companies owe one another about 120 billion cruzados, or \$2 billion, and it is becoming ever more difficult for one to pay the other, the argument usually used being that the payment of a debt depends on receipt of another and vice-versa.

PETROBRAS owes the Treasury about 30 billion cruzados corresponding to collections pertaining to the compulsory loan on the sale of alcohol and gasoline, money that should have been paid to the National Development Fund (FND). Nevertheless, PETROBRAS asserts that it will make the payment only if ELETROBRAS pays it about 25 billion cruzados for supplying derivatives, especially fuel oil.

ELETROBRAS does not refuse to pay but points out that it will do so only if the state electric energy concessionaires make good on the debt of 35 billion pertaining to the supplying of energy, the balance of the overall guarantee reserve, etc. The state enterprises in turn guarantee that they will pay all their debts up-to-date the moment the states and municipalities, as energy consumers, also pay their debts on time.

The Vale do Rio Doce Company (CVRD), which has the reputation of not owing anybody anything, complains that SIDERBRAS does not pay for the iron ore that it obtains to operate the furnaces of its iron-steel plants. This debt of almost 20 billion cruzados is fully acknowledged by SIDERBRAS but it will pay only when the government sets the price of steel.

The Furnas—a subsidiary of ELETROBRAS—and NUCLEBRAS state enterprises are experiencing a complicated situation. According to a 1981 decree, it was established that Furnas, the real owner of the Angra-I nuclear plant, and the Angra-II and III plants under construction (NUCLEBRAS only builds, it does not operate nuclear plants) will assume responsibility for the cost of generating nuclear energy only up to the limit of the cost of the same generating capacity from a hydroelectric source.

Thus, for example, if the cost of generating 640 megawatts (the capacity of Angra-I) of energy from a hydroelectric source is \$1 billion, and if that same capacity produced by a nuclear-electric source is \$1.5 billion, Furnas will assume responsibility for only \$1 billion. It is the Treasury that will defray the difference of \$500 million in the form of a nonreimbursable fund.

Since, because of manufacturing defects, the Angra-I nuclear plant has not managed to operate at full power to this day, having been in an off mode longer than in operation, it has ended up producing the most expensive nuclear-electric energy in the world. For almost 6 years, the Treasury has been paying the difference between the generation cost of the nuclear source and what would be generated by a hydroelectric source.

With the passage of years, an agreement was reached: the Treasury would assume the service on NUCLEBRAS' debt incurred for the construction of the three plants and that contribution would be equivalent to the cost differential between the two generating sources. This year alone, the Treasury's direct subsidy via the compensation of NUCLEBRAS to Furnas will consume 35 billion cruzados, more than a \$500 million outlay in the form of a nonreimbursable fund.

Rate Policy

In the view of the secretary of the Special Secretariat for State Enterprises (SEST), Julio Colombi, who has worked in the area of state enterprise control since September 1979, being one of the founders of the agency, this whole question of debt between state companies would be resolved by an appropriate rate policy that would actually compensate production costs.

He cites SIDERBRAS as an example, showing that in recent years the rate tightening policies (there were three rate freezes: in May 1985, February 1986, and June 1987), on the pretext of combating inflation, depressed the price of steel in the market to such an extent that the steel holding company has been working at a loss and has a good argument for not paying its quotas, not only to other state enterprises such as the CVRD, but also to the private companies, especially contractors and suppliers. There are indications that the state enterprises have a past-due debt to the private sector in the order of \$2 billion.

In the process of monitoring the state enterprises, the SEST uses a form (Number 51) that has a column indicating the debts of the federal state enterprises owed to the other enterprises. According to Julio Colombi, practically all the companies owe one another, although that figure is not open, and in general the debts are the result of inadequate operational revenues stemming from the tightening of rates and prices.

The out-of-phase relationship of the price of electric energy and oil derivatives explains in large part the enormous loss of operational revenues by ELETROBRAS and PETROBRAS, which are bearing monumental debts and operate in the red.

International Reserves Loss Expected To Be \$100 Million

33420033c Sao Paulo GAZETA MERCANTIL
in Portuguese 4 Dec 87 p 20

[Text] Despite a suspension in interest payments to foreign private creditors and growth in trade receipts over the last few months, Brazil is expected to close the year with a loss of \$100 million in international reserves—measured in terms of the holdings of the Central Bank (BC). On 31 December 1986, Brazil had \$4.585 billion available in reserve.

Projections for this year's balance of payments show a surplus of at least \$700 million and no more than \$1.270 million, according to the latest calculations. This implies an implicit refinancing of interest payments owed and not paid to creditor banks on \$4.1 billion, as opposed to the \$4.3 billion initially thought.

The recalculation, as explained yesterday to this reporter by BC Foreign Division Director Carlos Eduardo de Freitas, results in a revision in the numbers: the \$4.3 billion that had previously been estimated as the value of the principal for which interest was suspended between 20 February of this year and 31 December to foreign banks had been overestimated, with \$4 billion owed for the period instead.

Apart from that, the government has decided that \$600 million in interest on foreign funds owed to Brazilian banks overseas (including the Banco do Brasil) would be paid within the framework created by the foreign debt assessment committee, under which Brazil would participate with \$500 million in payments from its reserves this year.

That leaves a total of \$4.1 billion to be refinanced, of which \$3 billion will come out of a bridge loan from the creditors themselves, for which the process of collecting signatures of agreement continues until the 8th of this month. The difference of \$1.1 billion will be paid by Brazil by the middle of next year, provided that the intended agreement for refinancing the 1988 and 1989 interest payments is completed.

This agreement depends, fundamentally, on projections for foreign accounts over the next two years. Brazilian debt negotiator Fernao Bracher took with him some plans with simulation exercises in an attempt to model various scenarios for the country's economy.

One of the controversies pointed to by economists in the government itself revolves precisely around expectations of receipts. One of the projections which indicates a surplus of \$10.4 billion in 1988, for example, is considered an underestimate by some government officials with graduate degrees, but the fact remains that these numbers are not very solid.

The BC Foreign Division Director himself says that trade balance results will hinge basically on the elasticity of Brazilian exports to domestic consumption, which is in turn a function of management of the political economy of the government. "It is not something that the Minister of Works can decide upon because there is a society that may or may not want to accept the direction of the political economy," states Carlos Eduardo de Freitas.

In any case, the foreign accounts scenarios predict a significant recovery in the level of the country's international reserves, to a minimum level of \$7 billion by the end of next year.

That objective will be easier to achieve if Brazil is able, in effect, to sign a "standby" agreement with the International Monetary Fund (IMF).

Freitas points out that the intention of the Brazilian government is not to ask banks to provide financing to pay the IMF—"that would defeat the purpose"—but rather to use the Fund's resources only to build up reserves.

He believes that there is room for Brazil, through the "standby" agreement, to obtain a loan of \$1.5 billion from the IMF for a maximum period of 12 months.

This year the Central Bank has decided to review its projected trade balance surplus of between \$10.2 billion and \$10.5 billion, keeping in mind the effective slowdown which began in the month of October.

For foreign investment, the BC is now working with a goal of a net surplus (receipts less payments) of around \$160 million at the end of the year, but these figures, which presuppose an increase in dollar receipts into the economy, are being revised downward by the decline in new receipts from the multilateral financial organizations.

With respect to the World Bank alone, for example, Brazil should close this year with a net outflow of some \$500 million. That is, receipts from that organization fall short of amortized payments made to the World Bank on loans taken from them in the past, by that amount.

Brazil is also paying the IMF \$800 million in amortized payments, which is less than the trend in the balance of payments, but which is in direct relation to the level of the country's international reserves. "The level of reserves this year will be low and we need an increase that at least guarantees import payments for three months," emphasized Carlos Eduardo de Freitas.

Employment Up 0.9 Percent in Sao Paulo in November

33420032c Rio de Janeiro O GLOBO in Portuguese
8 Dec 87 p 21

[Text] Sao Paulo—The level of employment in the industry of Sao Paulo grew by 0.09 [sic] percent in November, which represents the recovery of 1,900 positions. Actually, this merely means that there is now stability at the present levels, which indicates the loss of 40,500 jobs this year and 31,250 over the last 12-month period.

Still worse is the outlook for the next quarter because of the risk of a new adjustment to a level below the present level, due to the possibility of a new collapse in business activity. The data and interpretation were furnished yesterday afternoon, by the director of the Statistics and Land Register Department of the Federation of Industries of the State of Sao Paulo (FIESP), Carlos Eduardo Uchoa Fagundes.

"Historically, this year-end period should be frenzied, with overtime work nights and Saturdays. Instead, business is cancelling its orders from industry, with some segments complaining that their stocks are higher than they had hoped," remarked Uchoa Fagundes. He added that he does not doubt that the year will come to an end with figures in the red.

After successive drops in 1981 (-13.97 percent), 1982 (-13.12 percent), and 1983 (-8.15 percent), the level of employment grew in 1984 (6.42 percent), in 1985 (5.99 percent), and 1986 (10.78 percent). The 1987 drop should come to around 2 percent.

"In the next quarter, industry will have to adjust its output to the levels of consumption," noted the director of the FIESP. However, he believes that the main problem is the outlook of employers, with relation to the Assembly, and with regard to wage earners, the uncertainties of the present economic situation, since, based on his data, wages are 4 percent higher than the 1985 levels. That is, the outlook for a drop in production is due to the consumer fear to make purchases, and not to a very serious drop in real wages.

"Next year we should have elections, which will tend to reactivate the economy. The politicians want to undertake public works projects, and business is buying; therefore, what is really lacking is the clear policy from the Assembly, with well-defined ground rules, that bring back confidence and investments. But the recovery in employment will have to take some time, since industry will have a hard time reaching prior production levels."

Everything will be worse, in the meantime, if the proposal for a term of 5 years for President Sarney is enacted:

"At the government's current level of credibility, it would be better to change and shorten the period in order to escape from this crisis," stated the FIESP director.

Domestic Enterprise Employs More

Domestic private industry is the industry that generates the most jobs in Brazil, surpassing the multinationals and state-owned enterprises. Last year, these companies were responsible for 51 percent of the total sales of the industrial sector, which amounted to CZ\$1.7 trillion and for the creation of 2.3 million new jobs, that is, 74 percent of the total offered by the industrial sector, which was 3.1 million. This is the conclusion of the study unveiled yesterday by the president of the National Confederation of Industry (CNI), Senator Albano Franco.

While the sales of domestic private industrial enterprises reached CZ\$849.4 billion, the sales of the multinationals amounted to CZ\$492.3 billion, that is, 29.6 percent of total industrial revenue. The multinationals generated 602,700 new jobs, 19.3 percent of the openings announced. The public sector, with sales of CZ\$323.1 billion, that is 19.4 percent of the overall receipts, was responsible for the creation of 207,600 new jobs, or 6.6 percent of the total.

These data were consolidated by the CNI's Department of Information. As he announced these figures, the president of the CNI used them as an argument in defense of the theory that domestic industry must be watched much more carefully by economic authorities, when the decisions are made that can affect the country's economy, since they have a great social responsibility.

According to Albano Franco, domestic private enterprise is much more sensitive to large changes in the economy and it does not have much flexibility to adjust to prolonged periods of economic recession without causing social problems.

The study announced by the president of the CNI shows, in addition, that the multinational firms with origins in the United States were responsible for 5.2 percent of the jobs created over the last year, that is, 160,400 openings, and they received CZ\$158.8 billion, which is the equivalent of 9.6 percent of total sales.

13331

CUT Plans Unify Wage Campaign for Early 1988
33420033a Sao Paulo GAZETA MERCANTIL
in Portuguese 1 Dec 87 p 10

[Article by Celia Rosemblum]

[Text] The Sole Central Organization of Workers (CUT) plans a massive salary campaign for early 1988, bringing together various labor groups from Sao Paulo. "We are

going to start the year with mobilizations of all workers, both those who will have salary negotiations in the first half of the year, and those who have renewed their agreements within the last few months," said Jorge Coelho, President of CUT-SP.

"We want a monthly salary trigger, based on the indexes established by DIEESE (Interunion Department of Statistics and Socioeconomic Studies)," said Coelho. In his view, "it is impossible for us to live with the monthly salary losses," resulting from the current salary policy in which adjustments made according to Price Index Units (URP) are inadequate to maintain purchasing power. According to their data bases, labor groups have suffered salary losses of between 60 and 100 percent since November 1986, using DIEESE figures.

The rate established by the URP in December, January and February is 9.19 percent. Union members complain that the index is always less than inflation, as in November when the URP readjusted salaries by 4.69 percent and the rate given by the IPC was 12.48 percent. "It is the worst salary breakdown in the history of Brazil. There is no way to live with it: either salaries improve or there will be a wave of strikes," warned Antonio Rogerio Magri, President of the Union of Electrical Workers in Sao Paulo and member of the executive committee of the Union Headquarters (CGT).

With the total URP's accumulated over 2 trimesters—14.7 percent from September to November and 30.18 percent from December to January—salaries will be readjusted by 49.87 percent, according to calculations by Sergio Mendonca, DIEESE economist. Projecting an inflation rate of 15 percent for the next 3 months, the change in the IPC during the same period will be 98 percent. That means that salaries of workers who did not negotiate or have planned salary increases for the period will suffer a real decline of 24 percent, explained the economist. "The loss in salaries was very serious, in a short period of time," Mendonca figured. In his view, that is sufficient reason for labor groups to be undertaking two salary campaigns per year. The decline in salaries, according to the economist, began in November 1986 and has accelerated over the last few months, after the start of the Bresser Plan. The recent collective agreements succeeded in adding back the IPC increase, including the 26.06 percent eliminated by the Bresser Plan. But this gain is quickly lost in the URP accumulations and the IPC index.

Labor groups undergoing salary negotiations in the next few months have resolved to include among their planned requests adjustments in the monthly salaries. "Even if we succeed in reducing real inflation for the December period, we will begin January with salaries already diminished," believes Robson Moreira, President of the Journalist's Union, which renews its collective contract for 6,500 professionals on 1 January.

Other labor groups, who will undertake salary negotiations only in the first half of 1988, are concerned with minimizing their losses. The Union of Workers of Hotels, Bars, Restaurants and Similar Establishments of Sao Paulo, which represents 100,000 workers with salary negotiations to begin in July, has sent letters requesting 41.36 percent salary readjustments for October to the

15,000 businesses registered in the area, according to Francisco Calasans, union president. "The workers have pressured us, and rightly so: there is no way of putting up with the salary declines until July," he said.

13026/9274

Party for Democracy Leader on Plebiscite, Organization

33480053b Santiago CAUCE in Spanish
17-23 Dec 87 pp 4-8

[Interview with Ricardo Lagos, president of the Party for Democracy (PPD), by Victor Vaccaro; date and place not indicated; first three paragraphs are introduction]

[Text] Ricardo Lagos' confidence of victory contrasts with the skepticism of many about the future of the Party for Democracy. Initially, the DC [Christian Democrats], several Socialist factions, the PR [Radical Party], the Republicans, the Humanists, etc seemed to have come together in this conglomerate. At the moment of truth, however, 1900 hours on Tuesday 15 December, several of the groups that at one point were prepared to join did not attend the official membership ceremony. Offsetting this, dozens of well-known figures belonging to all democratic currents signed on as sponsors of the PPD. And this is what matters most to the promoters of the idea.

As the brand new president of the PPD comments, from the outset it has been much more than a collection of parties and it is open to all Chileans who are prepared to confront Pinochet in the plebiscite, to defeat him with a crushing NO, to organize so as to make any attempt at fraud impossible, and to achieve through this process the free and honest expression of the people's sovereignty.

His answer to the first question makes it clear that this is how Lagos sees the PPD.

[Question] Why did the PPD wind up emerging officially as a smaller group than was initially planned?

[Answer] The initial idea was to effectively utilize a tool to tackle the campaign for free elections. We indicated that we wanted to organize a party that would take a stand on the vital issue: maintain the dictatorship or restore democracy, and that would comprise all who were in favor of the latter option. In forming it we ran up against the decision of certain parties that felt that it would be better for them to retain their own identities by registering individually. This is the case of the PSD, the PDC [Christian Democrat Party] and the PH [Humanist Party]. The existence of two distinct views also had influence. One saw the PPD as a federation of groups, and the other, which felt that all political parties had to belong, saw it as something much broader, even including all the independents who want to restore democracy. The PPD cannot be just a collection of political party leaderships, and we had to resolve the dilemma of either continuing endless discussions or, representing the great majority, placing the PPD in service to the country.

What Chile Is Demanding

[Question] Can the objectives charted with the forces that were there on Tuesday for the formal registration be achieved?

[Answer] That will depend on how we put together the broad national base that the sectors and figures who joined have heralded. Now that the PDC is not involved and now that the so-called United Left has officially declined, the PPD has a chance to be seen by the country, above and beyond partisan agreements, as the response that the masses are demanding, as the vehicle for the struggle to end the dictatorship.

[Question] What are the fundamental features of the PPD?

[Answer] The most important thing about the PPD is that it has emerged at a very dramatic time, when Chile is moving towards a confrontation arising from General Pinochet's stubbornness. Within the campaign for free elections in which we have invited the entire nation to participate, the party seeks to be an appropriate and effective weapon for defending the vote of each and every Chilean. Since we have asked voters to register to defeat Pinochet, we need a mechanism, the PPD, to prevent fraud.

Defending the Vote

[Question] Do you agree that such an assertion means accepting the following assumptions: that the plebiscite is inevitable; that the only way to defeat Pinochet is political; that the regime's judicial framework has become a straightjacket on it and that it is going to be defeated in this arena?

[Answer] Basically yes. 1. There is a different political scenario: To keep himself in power Pinochet today has to leave his trench in La Moneda palace and seek legitimacy beyond 1989. Until 1986 he merely stayed in his bunker and withstood all of the mobilizations that we held. And in so doing the opposition systematically wore itself out. Now he must deeply regret his own legislation and feel imprisoned by it, as he acknowledged to the EFE agency. We can face him and defeat him along this path. This does not mean that we are looking at an election like the ones we used to have. But if he wants to stray from the path, stage a palace coup or engage in monumental fraud, he will require the complicity of the Armed Forces, and I am sure that they will not allow it.

2. This means, as you put it very well, that we can invite the country to mobilize around this path. If 80 percent of the people in Chile are against Pinochet, the issue is what strategy do you mobilize behind. Don't anyone tell me that the strategies that only two percent wind up following are effective. All of the forms of struggle do not mobilize that 80 percent, and the problem is how do you get that overwhelming majority to stand up. If they register to vote and sense that they have to defend the vote, prevent fraud and organize nationwide, that's what the PPD is there for! This means that we will have a representative in each of the 22,000 polling places if there is a plebiscite with 6.5 million people.

[Question] You are asserting from the Left that Pinochet must be defeated along his own path. What requirements must be met to guarantee an opposition victory?

[Answer] It is a serious matter when 60 percent say in the polls that they are going to vote No on Pinochet, but at the same time a high percentage of these same people believe that he will remain in power and that fraud is inevitable. We have to turn that second percentage around and convince these people that although common sense tells us that no dictator steps down because he loses an election, the point is to prevent fraud through a national organization, with a representative at each polling place, with advance work on Pinochet's popularity rating (IPP). When the country sees that the dictator does not get more than 22 percent in reliable polls, it will become convinced that he cannot win the plebiscite. Second, we have to have a monitoring mechanism for any electoral event. Third, we must use our imagination to counter the regime's publicity machine. There will be no television. We will cope with that through an organization in neighborhoods, blocks and work places. We need 10,000 volunteers in this campaign, supported at the grassroots by the residents of the 380 communities who have set up committees for free elections. And this is under way today on a very massive scale.

A Draw

[Question] Isn't the function of the PPD at odds with the campaign for free elections?

[Answer] I would say that they complement each other to a degree. Registration is one thing, and the monitoring mechanism is another. The law entrusts the latter to the political parties. Consequently, the party is the monitoring mechanism of the movement for free elections so that it can be present in every forum of the process. The regime and the Armed Forces are not strong enough to bend Pinochet's personal determination to hold a plebiscite. Many of them would like a constitutional amendment. But there is a draw; Pinochet is not strong enough either to engage in fraud.

[Question] Is this the reason why Pinochet has again suggested moving the plebiscite forward before the voting population turns more against him?

[Answer] He won't be able to do that. Pinochet puts out these rumors to try and confuse those of us who are bent on continuing along the path that will lead to his defeat. He is seeking to foster the idea that the effort is not worthwhile because there will be cheating in any event. But Pinochet knows that if he moves the plebiscite forward, no one will take part in such a farce and he will not be legitimized.

[Question] Are you saying that if it is moved forward to September 1988, the democratic forces as a whole will not take part?

[Answer] No one would take part here at home, and people around the world would say that his plebiscite is good for nothing. Pinochet knows this. His threat to move it forward is diversionary fireworks.

The Signatures in March

[Question] And what is your response to these diversionary fireworks?

[Answer] To tell him: General Pinochet, you attacked this party before it was born. It was born and is going to bring you down to defeat. And to redouble our efforts. We are very aware of our deadlines. We are going to gather together in a few short months what it took others, with the regime's entire machine, 6 months to do. Ours is not going to be a party that gathers 600 signatures in a day by forcing the workers on the PEM [Minimum Employment Program] and POJH [Jobs Program for Heads of Household] payrolls to sign, as National Renovation did. By March we are going to have the necessary signatures for our registration process. This is going to be unprecedented in the country. We will do it through a national organization based on the structure of the parties that are backing the initiative but that will extend far beyond them.

[Question] Are Pinochet's charges that you are communists part of a strategy to frighten off future members?

[Answer] Neither the country nor his followers believe the charges that Pinochet has leveled at me concerning communism. The point is that what Pinochet sees as the greatest danger is the clear-cut stand of the Chilean Left, as expressed by the need for a very broad understanding with all political sectors, particularly the Center and the DC, to defeat the dictatorship and provide stability for the future democracy. This is why he has attacked me, because I was president of the Democratic Alliance for two terms and it was up to me to establish smooth contacts with the Center and the Right. Pinochet's logic is to discredit the Left that is putting forth this national vision of rebuilding the country, by saying: "Watch out, don't hook up with these people because they're just like the others." He thinks that he can drive wedges between us this way. We are what we have said we are and not what Pinochet accuses us of being. Pinochet is trying to discredit a school of thought that is emerging with strength within the Chilean Left and that is increasingly setting the political tone throughout the Left. It was this Left that proposed the need for a political defeat through voter registration. How many months passed before other sectors of the Left arrived at this same position?

[Question] Won't they get ready to apply Article 8 to the members of the PPD?

[Answer] This has been analyzed a great deal, but the worst thing would be to leave the spaces unoccupied, not to enter the arena, not to fight. Let them pay the price of applying Article 8! And let them present the evidence.

We have, of course, denounced this legislation as inquisitorial and inappropriate in the 20th century. But if they try to apply it, they begin to delegitimize the path that they need to stay in past 1989. They have to meet a minimum of conditions; otherwise, the path will give way around Pinochet.

Fraud Will Be His Undoing

[Question] Do you think that significant fraud is possible?

[Answer] At that level, no. Because we are going to have an organized people all over the country and the world looking at Chile. And if Pinochet attempts fraud, it will wind up defeating and toppling him. Fraud will be Pinochet's undoing. Fraud will destroy Pinochet.

[Question] Is the PPD inoculated against hegemonic approaches to politics?

[Answer] This party is not trying to be the expression of the Chilean Left's thought. It has not been organized for that purpose. There is a Left here with a broad view in service to the country. We think that it is essential to consolidate bridges to the Center and also to the democratic Right.

[Question] And what about the United Left, which has said no to the PPD?

[Answer] I think that some of the parties involved in the IU are making their decisions too slowly. It took them 10 months to realize that we obviously had to regain the right to be citizens. I fear that some time will now pass until they become convinced that we have to say NO in the plebiscite, and they are going to debate whether they are going to take part or not, whether they will or will not join the institutional system. This is a discussion that the people of Chile do not understand, because they see that there is a de facto regime and they see the president of the IU, correctly in my judgment, arguing a case before the most notable of the institutions of the 1980 Constitution, the Constitutional Tribunal. Such idle discussions are not equal to the occasion. The people of Chile want organization, a suitable mechanism; they want to get to work on something that will defeat Pinochet and carry them to victory.

[Question] Might the IU at large join the PPD?

[Answer] No. We have not proposed that the PPD be a collection of parties. There are parties that have officially joined. My party, of course, MAPU [United Popular Action Movement], seems to have also. But what the PPD will not and cannot be is an umbrella party for a sector, enabling it to masquerade as something that it is not. The PPD has a specific purpose, a definite objective; it does not have ideological borders, but it will not be an instrument of any ideology either. That seems essential to me. Otherwise, we are debasing the honest appeal that we are making to the people of Chile. No one should kid

himself. This party is not going to be for those who because they do not want to take responsibility seek to make themselves heard in the country through the PPD.

[Question] And what about the inclusion of communists?

[Answer] Anyone who wants to defeat the dictatorship politically has a place in the PPD. Today this means taking the path of free elections, of preventing fraud and of doing away with the regime's institutions. If there is a plebiscite on the way, then let's defeat Pinochet and make fraud impossible. These are the requirements for joining. We are going to fight in this party with these weapons, not others. Membership is an individual, not a group matter. I don't ask people whether they're Buddhist or Muslim. The important thing is for everybody to take up the path and the strategy that we are going to follow.

Open to All

[Question] What do the sponsors of the PPD seek to represent?

[Answer] The founders of this party are an expression of the wealth of Chilean society: the wealth of the Christian world, of lay nationalism, of the philosophy with socialist roots, of the republican sectors, of social democracy, of radicalism.

[Question] Aren't you afraid that the sectors that did not join may form a Center-Right coalition and agree on a program and a candidate with the PDC?

[Answer] I think that it would be useful for political sectors to reach an understanding on a program. I do not feel that this is the essential thing. I think that it is more important today to have a basic list of the country's needs, a sort of electoral platform, and then build a consensus around that. But I am altogether confident that we are going to have the PPD registered by March. I'm not worried about getting 35,000 signatures because I know that we will. I would feel bad if this success were perceived as that of a sector, not as the success of the entire country.

[Question] But you haven't told me whether a Center-Right alliance could emerge.

[Answer] I don't think that will happen. What the country requires is a very broad nationwide understanding among the Left, the Center and the Right. In my judgment any solution that entails an end to Pinochet ought to have the generous support of all. I don't think that a comparison with the roles of Suarez and Felipe Gonzalez in Spain can be taken seriously. I reject it, because what we will inherit when Pinochet leaves will commit us and oblige us all.

[Question] Is this moral aspect what caused you to renounce in advance any nomination for 1989?

[Answer] I said that because I am aware of the debate within the opposition about the nomination and their little candidates. Some may think that the president of the PPD is preparing platforms for other purposes. I have taken on this task with a moral outlook, which I why I told the country that the president of the PPD will not be a candidate in the 1989 elections in the post-Pinochet period. The PPD is going to be a great party and will have many leaders, as many will be able to perform these functions. It would be awfully inappropriate to think that personal ambitions are involved. The only person with big ambitions in this country has been ruling for 14 years and wants to remain in power.

[Question] Can a great party be dissolved just because it achieved its goal?

[Answer] My answer today is that the goal of the PPD is to restore democracy to Chile. Once this has been achieved, it will be up to the members of the party to decide whether in a democratic system the various visions can be blended together or whether to reestablish the traditional currents.

A Common Platform

[Question] Will an understanding among the opposition be easier with the PPD?

[Answer] I think that it will greatly facilitate it, because bringing about the regime's political defeat depends partly on offering a clear-cut alternative to the country, which I would define today as two things. First, seek a common platform of no more than 10 points, which fits on one page and whose first point will be an accord on how to approach the plebiscite and then solutions for jobs, health care, education, housing. Then, a man who commits himself to this platform can be chosen as the leader of the NO vote. To accomplish this the PPD must be flexible and adaptable enough to realize that this is what it has been called upon to do. We would have liked for this to have happened in a PPD that included everybody. I have still not lost hope.

[Question] As president of the PPD, will you take initiatives towards the PDC?

[Answer] Of course. The understanding for the post-Pinochet period has to be clear-cut and among the 80 percent. This is for a basic accord with the PDC. But I have still not lost hope that they will play a more active role in the PPD. I reject most categorically any insinuation about trying to foster alleged internal conflicts in the DC. We have to cause conflicts for the regime and for Pinochet, not for the friendly parties that are behind the same barricade trying to restore democracy.

Pinochet Will Be Federici

[Question] How do you interpret the appointment of Jarpa as president of Parena?

[Answer] Since the opposition will be successful, Jarpa will try to portray himself as an alternative to the Junta when the Junta perceives that Pinochet is the candidate of defeat. It is a little like the course of the conflict in the University of Chile. Federici was Pinochet. Our rallying cry was: let's get rid of Federici, and after this happened, there was a respite. Pinochet is on the way to becoming the country's Federici. The selection of Jarpa so indicates. Sectors in the regime want to keep their distance from this Federici, while preserving the essence of what they wanted to do in the University of Chile. At this point, no matter what move they make, Federici's replacements are also going to be left behind.

[Question] What message do you have for Chileans at the birth of the PPD?

[Answer] I can tell them that the challenge we have before us is the first step on the road to the defeat that we are going to administer to Pinochet. By March, when the PPD is constituted, we will have made headway in regaining the confidence of the Chilean people that we are the majority and for that reason are going to win.

8743

Humanist Party Origins, Plans Outlined

33480053a Santiago ANALISIS in Spanish
28 Dec-3 Jan 88 pp 8-9

[Article by Libio Perez Z.]

[Text] "It seems that no one believes us. Will they believe us when reach La Moneda?" That is how ANALISIS' talk with the president of the Humanist Party (PH), Jose Tomas Saenz, began, as he spoke of the attitude of most of the country's political forces towards the fact that an opposition party collected double the number of supporter signatures needed to register under the terms provided for in the dictatorship's legislation. The Humanists submitted a list of almost 65,000 signatures to the offices of the Electoral Registry Service, with that single act becoming the first registered opposition party and, so far, the one with the largest membership.

"It's the orange phenomenon," some analysts say. A "pragmatic" party, explain its activists. And public opinion perceives it as a force "with novel language," as some are saying.

The truth is that few "traditional parties" (according to the Humanists' definition) took the PH seriously. "They saw us as something allegorical, without a future, festive and without the capacity to engage in politics," explains Franklin Aliezhther, a PH leader and representative in the Youth for Democracy Movement (also known as the

board of the 14 youths). "But we have demonstrated our strength and vitality; we promised and we delivered," notes Jose Tomas Saenz, the PH president.

From the time that they made their decision to register as a party until Friday the 18th, when they handed in the almost 65,000 signatures, the Humanists worked all over the country. They also saw 193 of their activists arrested. "And we were engaged in a legal activity too," Franklin Aliezhther adds.

Along with handing in the signatures, they reported their expenses during the membership campaign. This was something novel too and attracted attention. According to the figures they turned in, the cost was 1,888,600 pesos, and the published balance sheet gives a breakdown of each expenditure category and the sources of income. According to the Humanists, the donations were voluntary contributions from each activist.

On this same occasion they asked Pinochet "to resign" and invited him "to begin writing his farewell speech right now." In this setting they launched their "very resolute 'no' campaign."

Free elections, social mobilization, active nonviolence, party registration, a campaign for "no" in the plebiscite, joy, feeling good, all of this, and more, are part of what the Humanists call "new methods of engaging in politics" by a force that defines itself as a "New Left."

From SILO to PH

The Humanist Party was born in May 1984. It was not a strictly national phenomenon. In fact there are organizations with the same name, principles and "ways of engaging in politics" in more than 40 countries around the world. The initial core stems from SILO, an organization that arose in the late 1960's and that comprised a generation that was strongly influenced by the May 1968 movement in Paris. The group first emerged in Argentina, under Mario Rodriguez Cobo, the inspiration and leader of the movement, and then spread rapidly through several Latin American countries. It thus arrived in Chile, where it achieved influence in vast youth sectors, later turning into the Community for Human Development in 1979. From that organization, more precisely from its Social Affairs Department, came the Humanist Party. The president of the Community at the time was Jose Tomas Saenz, and several of PH's current leaders were also members.

The PH arose in response to a widespread crisis, Saenz notes, "which has expressed itself as violence in all spheres of human life." And in the face of such a crisis, "only a humanist force," Aliezhther contends, "is in a position to offer a real way out," a force that can proclaim, they argue, that "we have not used violence, we have not robbed, we have not been accomplices in the crisis." The point, in fact, is not to acknowledge a past. There is no background history to the PH, although they

do call themselves a New Left. "If there is something with which we could seek to identify ourselves in Chile's history, we could say that there are interesting elements in Allende's attempt, but only a few very specific things," says Jose Tomas Saenz in this regard. They have no models, aspire to a socialism based on cooperative ownership and seek to decentralize the means of production, with the State playing the role of coordinator in this model of society. "We're very cheeky because we want to invent something completely new."

For now, however, the PH's concerns are more concrete. They have almost ruled out the possibility of achieving free elections, "although this is a banner that we will not abandon," says Laura Rodriguez, the vice president of the PH and a member of MIEL [Independent Movement for Free Elections]. But the fact is that they have already begun the campaign for a "no" vote. In other words, they are taking the plebiscite "as a reality that is there," adds the PH vice president.

The Plebiscite Is Coming

The development of an electoral policy is not just an accessory detail for the PH. "We aspire to come to power through elections, to fill seats in Congress, as a means of carrying out our program and our views," explains Jose Tomas Saenz. Therefore, the PH was the first party that called on voters to register. And later it was the first opposition organization that acknowledged the legislation on parties. They made the decision to register and gathered the necessary signatures. In the process they took part in the negotiations to create an instrumental party, which later took the form of the Party for Democracy (PPD), but the discussions were too slow for the Humanists' taste. And they withdrew from the initiative. They preferred to travel alone towards a legal regime. The PH president contends that they waited 30 days to reach an agreement, but "everything gradually fell apart," until the initiative finally received the coup de grace: "They announced to us through the newspapers that a PPD had emerged; it all ran counter to unity. And as 'Mendocita' would say, the kernels fell off the ear of corn," Saenz adds.

But the PH still maintains its presence in the campaign for free elections. Laura Rodriguez, who is involved in MIEL, argues that "obtaining elections is necessarily predicated on the 'no' vote, and that campaign has to be approached with realistic criteria." She goes on to say that this is because the opposition's response time is very slow and because they have seen "that the regime has already begun its campaign throughout the country." And they are accepting the risks of beginning a campaign for a "no" vote even though there are no guarantees of a clean balloting. First come "the mechanisms to prevent fraud from being committed," but they are also prepared "not to take part in the plebiscite unless minimum guarantees are established," as Laura Rodriguez says.

The Humanists are worried about the positions that the remaining opposition forces may take. "We have not taken part in any bloc, because we have chosen not to engage in politics within the traditional molds, but now there are higher interests that oblige us to enter tactical alliances," contends Saenz in explaining that they are prepared "to reach agreements and honor them" in seeking a common course of conduct among the opposition vis-a-vis the regime's institutional timetable. "The 'no' campaign seems to us to be the most consistent, realistic and pragmatic approach, and it could be a rallying point," adds Franklin Aliezhther, and the talks they want to hold are "without exclusions."

Things are on the move in this framework. In recent weeks the PH has begun talks with some parties in United Left, with a view towards establishing accords for a common policy. And they have no prejudices in this regard. "We have never discriminated against the Left," Saenz contends; "we have done so because of the methods that they use, but we talk with everyone." And although the Humanists' alliances seem to be more strongly characterized by the accords that they have specifically achieved with the political Center, they also talk regularly with the Communist Party and the Movement of the Revolutionary Left, Franklin Aliezhther notes. And if Reagan can talk with Gorbachev and "a communist can come before the U.S. Senate and talk to them all, it's absurd that they can't even walk around the streets here," remarks Saenz. However, the PH president adds, "the Left must renew itself, because what was progressive 50 years ago no longer is today." According to the Humanists, the key to all of this is the younger generation, which means "a growing adaptation to a changing environment in which young people are the main protagonists."

They are the protagonists, the PH president concludes, "of a revolution that is on the way, because it is a historical process that cannot be halted, not even with guns, because there will be no one to use them."

8743

Government Figures Reportedly Underestimate Inflation

33480017b Santiago CAUCE in Spanish
12-18 Oct 87 pp 19-20

[Article by Javiera Jimenez: "Inflation Unleashed"]

[Text] The government is worried about the level of inflation. This was revealed to CAUCE by an important source in the economic sector, who added that the team led by Hernan Buchi has assured Gen Pinochet that under no circumstances will the rate exceed 20 percent by the end of 1987. In addition, it has told him that despite the 1.9 percent CPI for the month of September, which means that prices have soared 16 percent in just 9 months, the situation is controllable and no more surprises are in store for the country.

The source stated that the team is aware that in some sectors speculative maneuvers have taken place, but nothing can be done about it because the essence of the system is price freedom. When asked about the continued increases in rates for light, gas, electricity, and telephones, he acknowledged that they have gone up repeatedly, but noted that the enterprises must make investments to make them more profitable. "Unfortunately, that is financed with rates, and obviously it is the users who pay the rates. We have no other way of doing it," stated the source, recognizing a fact that Chileans know from sad personal experience month after month, every time they get their utility bills. They do not, however, see any evidence of this when they look at the deteriorating quality of such utility services.

Despite all the official acknowledgement of the inflationary problem, the fact is that the government is concerned—and it was revealed to CAUCE in these terms—about the low buying power of vast sectors of the population. "This may be a powder key of discontent, as we are well aware, but the number one priority is to meet external commitments, because the government's survival depends on that."

Food Again

As has happened throughout 1987, September inflation consisted primarily of increases in food prices. And as we have heard ad nauseum, officially it is a matter of "seasonal" problems. Potatoes are up because of the season, but also because of the drought. Vegetable crops were lost, and so were fruits, but there is no explanation for the rise in milk, oil, sugar, flour, bread, or rice prices.

The fact of the matter is, every time you go to the store, you must bring more money, and you come home with fewer goods. Then comes a feeling of indignation when at the end of the month it is announced that prices went up by just 1.9 percent. This was the comment of a housewife at an open market in Santiago. There, three onions sold for 150 pesos; a red pepper fetched between 50 and 100 pesos; a kilo of potatoes, 100 pesos; a small head of cabbage, 140 pesos; Swiss chard, 70 pesos a packet; carrots, 96 pesos.

"The problem was potatoes and onions, which went up considerably; it followed the problem of cabbage, which soared 49 percent and contributed 120 thousandths to the CPI; a similar thing occurred with red peppers. So just four products in the food category account for 0.7 percent of the CPI, which was 1.9 percent." This singular explanation was provided by Luis Gatica, assistant director of operations of the National Institute of Statistics (INE), during a press conference where the figures were released.

Sales Fall

While we were being bombarded with official statistics aimed at showing how well sales have done, the National Chamber of Commerce, a private entity which can hardly be considered an opposition group, put things in the proper perspective when it revealed its latest surveys on sales for the month of August.

These surveys indicate a widespread decline in sales. Broken down by sector, they show that clothing sales fell by 22.3 percent, shoes 22.3 percent, and household appliances 14 percent. In addition, supermarket sales were off 3.5 percent during that month.

The only sector that has not seen a decline is that of construction materials distribution.

The National Chamber of Commerce attributes the phenomenon to the decline in the money supply, which in August fell by 8.87 percent because of the increase in interest rates charged on credit.

Product	Percentage Increase	Price (pesos)
Bread	0.20	90 to 124
Rice	2.00	110 to 210
Pasta	1.00	100 to 145
Oil (tap)	4.07	180 to 240
Oil (bottled)	1.63	234 to 330
Oranges	5.52	60 to 125
Apples	10.46	50 to 130
Bananas	3.91	90 to 150
Beans	-2.29	230 to 341
Lentils	-4.00	230 to 350
Filet	0.17	1000 to 1600
Chicken	-0.10	320 to 400
Soup bone	-9.00	60 to 120
Ground meat	1.00	400 to 800
Sugar	1.12	110 to 128

Note: In relation to official minimum prices, there is no information on which establishment these products are sold in.

Wages Down

Just as the trend is toward a resurgence in inflation, workers' wages are continuing their steep slide.

In August, they fell 0.4 percent below the July level. Compared to December, the decline was 2.1 percent. In the last 12 months (August 1986 to August 1987) real wages fell by 1.3 percent.

Wages are down in all occupational categories, according to government figures showing the following percentage decreases:

Administrators and managers	-0.7
Officer workers	-1.2
Specialized operators	-0.8
Service workers	-2.1
Professionals and technicians	-2.5
Sales personnel	-2.8
Non-specialized workers	-1.5

The official reaction was presented by Alvaro Vial, director of the National Institute of Statistics. He described as "regrettable" the real decline in wages, and commented that the September CPI of 1.9 percent came as a surprise to him.

Debtors Punished

It was small and medium business leaders, however, who showed the most concern about the inflation indices.

The president of the Association of Metallurgical Industrialists, Gustavo Ramdorh, indicated that the high level of prices is already posing a problem. "Inflation has gone much further than even the government expected, and if to that we add the high level of interest rates, the inevitable result is problems for the productive sectors."

Ramdorh also expressed his concern about the fall in wages' buying power. "This phenomenon already has a cumulative effect, not only because of what has happened in recent months, but due to trends over the past few years. Consequently, the population's buying power continues to diminish, and this cannot be. If we want to have an orderly economy, all indices must progress well."

Nelson Radice, president of the Sole National Confederation of Small Industries and Crafts (CONUPIA), stated that the logical consequence of higher inflation is higher interest rates, and then the problem is passed on to those who have debts in unidades de fomento (UF). "The damage also affects the productive sector, which cannot pass on higher costs to prices, because the domestic market is shrunken."

Radice also pointed out that the rise in interest rates also stems from the contraction of the money supply, which fell by 8 percent. "With less money available, it becomes more costly for those who must resort to credit to meet their commitments."

The leader stated unequivocally that the mini-adjustment applied by the government, which was a great sacrifice for the country, did not yield results. The proof lies not only in the increase in inflation, but also in unemployment levels, which have not fallen and remain above 10 percent throughout the country.

"We hope they do not decide to try a new mini-adjustment, because that will cause more problems and harm the sectors that desperately need to produce so that they can pay their debts and reduce their liabilities; it is even preferable to have a little inflation accompanied by economic growth, and therefore rising employment, better pay, and an acceptable buying power for those who work," concluded the president of CONUPIA.

Official Assessment of Economy Challenged

33480017a Santiago CAUCE in Spanish

12-28 Oct 87 pp 26-29

[Text of report on the economic situation drafted by the Group of Socialist Economists: "What Miracle Are they Talking About?"]

[Text] The economic strategy of the military regime is grounded primarily on the reduction of consumption by salaried workers, the underemployed, the unemployed, and their respective families. For this reason, if the affected groups and/or their organizational and political representatives do not take decisive action to defend their living and working conditions, it will be difficult to stop the advance of the structural changes that are currently underway in the Chilean economy.

The presidential announcement of a wage adjustment in September was an indication of the government's concern about the situation of Chilean workers. It included an increase in the minimum wage, which is not sufficient to cover 50 percent of the minimum needs of a family, and a modest employment program that seeks above all to favor the private employers who use it. All of this comes at a minimal cost to the state, which will continue to give its modest budget deficit priority over the needs of the population. And the frosting on the cake of these policies, allegedly designed to "alleviate" the labor situation, is a Christmas bonus of 600 pesos (!), payable after the festivities for which it is named.

The economy continues to function with relative calm, however, seeking loose change to finance Pinochet's plebiscite campaign without dipping into major resources.

Paradoxically, the crisis at the University of Chile and several other centers of higher learning, which has placed in check both the political power and the economic policy that is being attempted in the university sector, has not found the necessary support in the remaining social and political sectors. Rather than spreading to other areas of society and the economy, the crisis has been confined to a sectorial conflict. In fact, the struggle that is being waged at the university level is more than that, despite its relative isolation. It is a significant indication of the type of strategy that is capable of putting up a more effective opposition to the government's economic policy.

But the national scene is showing symptoms of abulia, and this should concern opposition political strategists, who are preoccupied by other matters at this time.

Will we have to wait until the conditions of the international economy impede implementation of the official economic plans? Or until some miscalculation by government officials leads to a structural flaw whose cost cannot be passed on—as it has been so far—to the owners of labor and their offspring?

Meanwhile, the economic policy is being implemented too easily. More state enterprises are being incorporated into the privatization process. Now the State Maritime Enterprise (EMPREMAR) and the ISE are being transferred to the Production Development Corporation (CORFO) in order to begin marketing them. At the same time, the sale of the Chilean Chemical and Mining Association (SOQUIMICH) and CHILGENER has been completed. National Electric Power, Inc. (ENDESA) is giving its employees first preference to purchase 30 percent of its capital, and is transferring its subsidiaries to CORFO. The CTC is renewing its effort to sell itself, issuing an international call for bidding to sell another 30 percent of its assets.

The Central Bank has raised to \$100 million per month the quota of convertible debt notes. Tax reforms are being undertaken in order to improve further the treatment accorded foreign investment and to stimulate national investment. Tariff surcharges are being eliminated in the textile sector, in view of the tremendous growth that has been seen in that sector in recent years. The Foreign Investment Funds are beginning to function. In addition, legislation is being considered to grant autonomy to the Central Bank with respect primarily to the executive branch.

Businessmen are forming a civic committee to defend this system, which is so dear to their hearts, and the Melnick economists are joining together in the Foundation for Liberty.

This country is a great one for opposing things.

The Economy Is Not Advancing, It Is Going

The persistent increases in the CPI throughout this year have brought the cumulative inflation rate up to about 14 percent as of August, ruling out the official goal of keeping inflation to 17 percent in 1987. Wages fell once again in July, however, ensuring the absence of greater inflationary pressures. Actually, given the significant concentration of domestic demand, the rise in price levels appears to be a clear response to a boost in the earnings rate of productive, financial, and speculative businesses in the country. The prevailing conditions on the labor market enable businessmen (private and state) to raise their prices in relation to wages, despite the monetary authority's moves to shrink the supply of private money. That supply exceeded 5 percent in real terms as of July this year.

It can be asserted that there is currently another mechanism operating aside from those controlled by economic officials to redistribute income. It is the price system, which has continued tenaciously to accentuate the tremendous disparities in the Chilean economy. It should be emphasized that any regulatory effort by the state could radically change this trend.

This trend has only been reinforced, however, by the officials of the regime's economic administration. Through fiscal and especially tax policy, they are exacerbating the regressive bias in the development of the economy.

This is related to government economists' obsessive belief that a redistribution of income in favor of businessmen will lead to an increase in savings and private investment.

In this way, the "private sector" can activate the market in such a way that prices not only fulfill an allocative role, but also a distributive one. Perhaps it is this phenomenon to which the economists of yore were referring when they spoke of increases in the relative unearned increment. But our topic is of a different nature.

The results reported by businesses for the first 6 months eloquently express the effects of this particular combination of price hikes and wage ceilings. The chart below shows the profits earned by the various firms:

Profits - 1st Half 1987

Firms	(Billions of Pesos)
Private corporations (100 largest)	76.050
Public enterprises (operational profits)	21.280
Banks and finance corporations (surpluses and profits)	22.000
Pension Fund Administration Boards (AFP)	1.572
ISAPRES	1.460

Among the most profitable firms in the first group are several recently privatized ones, such as SOQUIMICH, CHILQUINTA, CHILMETRO, and Schwager. In contrast, wage conditions during the same period lost more than a point and a half.

The containment of wages is influenced not only by labor legislation, but also by the high rate of unemployment. In July of this year, unemployment rose again, with the National Institute of Statistics estimating overt unemployment at 10.5 percent. In January of this year, it had been 8.4 percent. To evaluate this figure, however, formal assessments must be made in addition to the methodological ones already carried out by various professional and academic sectors.

For example, according to the estimates of the University of Chile for May 1987, if 80 percent of the participants in the Minimum Employment Program (PEM) and the Heads of Household Employment Program (POJH) are added to the unemployed, as well as the "inactive" population that would like to work, the unemployment rate exceeds 21 percent.

The Chilean economy does not present a rosy picture, considering the plight of most of the population. Moreover, we must consider the uncertain situation abroad, given that the costs associated with the vicissitudes of the international economy are unavoidable passed on to Chilean wage-earners and jobless workers.

This is not just a trend that has emerged in the last few months, however; it is a structural capital accumulation mechanism. In fact, the most significant characteristic of the military regime's economic leadership has been the determination to achieve its objectives at all costs: lower wages, lower consumption, concentration of income and wealth, high endemic unemployment, denationalization of national assets, privatization of state assets, subsidies and state intervention in banks, fixing prices and interest rates, readjusting economic groups, renegotiating an unpayable foreign debt. The list is truly endless, with the internal cohesive factor being a two-faceted objective: trying to balance the external accounts, on the one hand, so as not to lose the support of the international banks; and on the other hand, providing guarantees to the national business sector that the economic system, regime, structure, pattern of accumulation or whatever you want to call it, will last for a long time, beyond 1989 (or 1997).

An economic strategy put in those terms naturally has predictable results. One can get an image of them by looking at the simple ratio of the GDP to the national population.

The Central Bank's calculations call for a 5.3 percent growth rate in the GDP for the first half of 1987. This has enabled the bank to project a growth rate of 5 percent for the year, which fits neatly within the targets of the economic program agreed upon with the IMF. If this projection is confirmed, the economy will exceed, for the first time in 5 years, the GDP estimated for 1981 of about 3 percent.

Meanwhile, in the intervening years, the population has grown by 9.8 percent. It can be deduced, therefore, that after more than 5 years of adjustments, both structural and otherwise, the per capita GDP has fallen by about 6.3 percent. All of this can be derived from official statistics, even without questioning their validity.

Unfortunately, to date there is no data on the development of net transfers of income abroad, which would enable us to come close to figuring national income. Between 1981 and 1983, however, the income produced by the economy and remitted abroad rose from 5.1 to 7.9 percent of the GDP. This allows us to estimate that the per capita income at the end of 1987 will have suffered an even greater deterioration than that indicated.

At the same time, also according to official figures, the level of average wages has dropped in real terms by about 18 percent as of July this year. This is a good explanation

of why private consumption has fallen by 18.1 percent between 1981 and 1986, even more than government consumption, which declined by 10.5 percent during that period.

Burdensome and Unpredictable Variable

Because of the particular strategy adopted by the military regime, the external sector has become a key agent in determining the results of our economy.

Evidently, this is due to two factors: the expansion of the flow of commercial trade in relation to the GDP, and the fact that the balance of trade is not sufficient to finance the servicing of the onerous foreign debt.

Measuring the relative importance of the flow of trade with respect to the GDP in constant pesos (1977 pesos), we observe that exports increased their share from 20.4 percent in 1981 to 27.5 percent in 1986. Imports, on the other hand, fell from 33.3 percent of the GDP in 1981 to 20.9 percent in 1986. This uneven development is related to the adjustments undertaken to deal with the 1981/1982 crisis and its immediate consequence: the disproportionate level of the foreign debt. Hence the importance of the international economy: It demands a major portion of national production while at the same time contributing to the financing of interest payments on the foreign debt.

Nevertheless, because of the tremendous amount of indebtedness that has been incurred, the balance of trade does not yield enough to pay even half of the interest due. For this reason, another task of the regime's economic officials has been to try to renegotiate, in the most inefficient manner imaginable, a debt that the economic and financial world realizes will never be paid off. When the renegotiation turned out to be insufficient, despite all the guarantees and conditions accepted, the capitalization of the debt emerged as an alternative, with the state absorbing all the losses that the foreign banks had already recognized in the secondary markets.

In spite of everything that was given up, it is still not enough. It is projected that in 1989 there will be a serious deficit that cannot be financed by the current account, and this will no doubt have a serious impact on the performance of the Chilean economy. If the current plan prevails, the prescription is simple: reduce consumption (to import less and export more), renegotiate by giving in wherever necessary, capitalize with any assets available, and keep labor cheap and tariffs low.

But in the immediate term, today the external sector is showing great instability in some prices that are vital to the Chilean economy: copper, petroleum, and the Libor on the international market.

Of these, the price of copper has given the military regime the greatest satisfaction this year. Beginning in September, it climbed above US\$0.82, attaining its

highest value in over 5 years. According to foreign and national specialists, however, this increase does not show symptoms of stability. Petroleum, in contrast, with its price hike and decline in national production, has had a significant impact on the flow of imports. The Libor rate, meanwhile, jumped almost a point in the last month, reaching 8 percent in early September. It is assumed that the effect on the debt interest should become apparent next year, but it is nonetheless cause for concern in both government and opposition circles.

It should be noted that as of July this year, imports have increased by 33.1 percent over the same period of 1986. Exports, on the other hand, climbed 15.2 percent, and the surplus in the balance of trade shrank by nearly 23 percent.

Despite the steady growth in prices recorded this year, and the increase in the volume of exports, it has not been possible to regain the levels of commercial trade seen last year. It is likely that the boost in imports is also related to the need to replace capital that was used up during long years of overt restrictions on the intervention of imported goods, among which capital goods are now a major component. Regardless, as far as the government is concerned, the lack of a significant surplus is the main problem, and in this regard, it is placing its hopes on the continued high price of copper.

All things considered, the international situation is uncertain, although it is not entirely adverse to the objectives of the regime's economic officials. But steady growth based on such a weak foundation is apparently a risky option.

At this point we should also take note of the military regime's relationship with foreign governments. The lack of good relations with neighboring countries, and the disastrous negotiations with Bolivia, are particularly noteworthy. Moreover, a minister came from West Germany to urge Pinochet to moderate his repressive actions, especially with respect to a group of convicts sentenced to death. It should be pointed out that the FRG is the second-largest exporter in the world, ahead of Japan and very close to the United States.

The latter country continues to display an ambivalent attitude toward the military regime, an attitude similar to that of many businesses. As long as the economy's performance suits them, they do not find it appropriate to make too many demands on the political front. In any case, statements by various prominent people have created a climate of uncertainty pending approval of the third stage of the Structural Adjustment Loan (SAL III). In addition, information on the level of investment in Latin America has been made public in the United States. It should be noted that the level of investment in Chile is below the 20 percent share earmarked for Peru, the closest to it on the chart. The gap is greater with other countries: American investment in Argentina amounted

to about 15 times the amount channeled toward Chile in 1986; Mexico's allocation was 24 times higher, while Brazil's total was 40 times greater than Chile's.

Strong Man of the Regime

The information presented reveals that the external situation does not seriously threaten the stability of the military regime's economic strategy; that support is precarious, however, as are foreign diplomatic relations, apparently.

In the last month, some debate has been stirred regarding the role played by Finance Minister Buchi in the military regime's overall strategy. On more than one occasion, it has been said that Buchi was the strong man in the regime, and there have even been comments about the "extraordinary intelligence" with which he consolidated the neoliberal reforms that had failed the Chicago Boys.

This report aims to cast doubt on two assertions: one, the minister's economic wisdom, and the other, the difference between one individual and the groups, classes, sectors, or human conglomerates that may or may not be behind that individual.

As for the first point: Suppose resources are scarce and that is an economic problem. Now suppose that the economy is made up of seven people. One of them is appointed finance minister and decides to take something away from five people so that the remaining two will be better off. Add to the suppositions that the minister states that the economy has now begun a process of balanced and self-sustained growth. One of the people will believe him and publish this in the press; the other five will not believe him. The minister has not solved the economic problem; he has changed the indicators he wants to use. Now he no longer wants to know about poverty, unemployment, underconsumption, underemployment, extreme inequality. He wants to look at his external goals and see that they are balanced; he

wants to look at the rate of savings and investment, and see that it is not being threatened by consumption urges. In other words, he wants to see that the group whom he represents in objective terms obtains the resources it needs to continue accumulating wealth.

Returning to our example: The minister does not pay attention to costs. In the final analysis, he does not pay those costs, nor does the one who incurs them; it is the other five who pay. But that is not economics, nor is it economic intelligence, or even basic accounting. It is adding and subtracting, looking at the bottom line with no criterion other than getting a number that is considered adequate. That means not looking at people, not thinking about people, the five people cited in the example. It means reducing the economy to a pile of equations, devoid of people, groups, social classes, and their relationships. That is, without its essential elements.

The example again: Why don't the five injured individuals do something to change the situation, or at least replace the minister? Here it is possible to move on to the second point. Behind the minister lie the interests of definite groups (social classes or similar concepts). These groups have a certain amount of power, and that range of power has not been the same in 1973, 1975, 1980, 1982, or 1986, nor is the instrument identical. But the latter should not be associated with an attribute which belongs to a larger whole. At present, economic policy in Chile is run by big business, and economic strategy is essential to its interests. The tremendous power the business sector has acquired over these 14 years, added to the experience gained during the disastrous failure that was the crisis of 1981/1982, has now allowed economic policy to blatantly and openly serve the interests of big business. That is where the power is, as well as the great audacity that is required, just a few months away from the plebiscite. It is important to emphasize that it is not Buchi who holds power, but big business; and Buchi is no economist.

08926/7310

Principal Indicators of the Economy - 1987

	Dec.86	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Cumulative Year (**)
Ind. Prod. (SOFOFA)	105.7	99.5	91.3	115.4	118.3	120.4	119.2	120.3		13.8
CPI(*)	1.5	2.0	1.7	1.6	2.4	1.5	0.7	1.7	1.4	13.8
WPI(*)	-0.5	-0.8	0.9	2.8	3.2	1.8	1.4	3.5	2.7	16.5
Real Wage(*)	0.5	-0.4	-0.8	-0.9	-0.7	0.0	1.2	-0.1		-1.7
INE Unempl.(%)	8.8	8.4	8.6	8.9	9.1	9.7	10.3	10.5		
Unempl. inc. PEM & POJH(%)	13.3	12.6	12.5	12.5	12.6	13.0	13.4	13.4		
Issuance(*)	10.7	0.0	0.8	2.3	2.4	-0.5	3.3			
M1(*)	8.6	9.1	-2.2	-1.1	0.0	-2.4	1.6	2.4		7.2
Interest Rates										
Short-term										
deposits	2.03	2.15	2.54	2.36	2.32	2.77	2.26	1.68	2.25	
External Sector (millions of U.S.\$)										
Exports	358.9	334.8	366.9	422.7	497.0	408.2	385.3	450.8		2865.7
Imports	264.6	300.9	300.9	338.5	328.2	328.1	316.5	366.5		2250.6
Bal./Trade	94.3	33.9	66.0	84.2	198.8	79.1	68.8	84.3		615.1
Reserves (billions of U.S.\$)	1.78	1.72	1.67	1.51	1.53	1.61	1.80	1.67		-0.11
Price of copper (U.S. cents/lb.)	60.6	61.1	62.6	66.5	67.3	68.9	71.3	76.9	79.6	69.4
Annual Labor rate (%)	6.23	6.18	6.44	6.49	7.03	7.61	7.47	7.18	7.30	

(*) Rate of change in relation to the previous month

(**) Cumulative, as of the last month for which information is available

Coffee Export Quota Cut

PA161926 San Jose LA REPUBLICA in Spanish
7 Jan 88 p 3

reduction of the world coffee quota. The total export quota was set at 55.5 million bags. This quota reduction is a result of the drop in coffee prices.

[Summary] Costa Rica's coffee export quota has been cut by 24,600 bags, each containing 60 kg, after the International Coffee Organization announced a 1-million bag

0549

Valladares as U.S. Ambassador to UN Committee
FL200422 Havana Television Service in Spanish
0100 GMT 20 Jan 88

[Text] Armando Valladares as U.S. ambassador to the UN Human Rights Committee has been described as going against all logic, reason, and justice. (Francois Baterlemi), member of the directorate of the Association of French Journalists specialized in Latin America, said that Valladares was convicted for terrorism in Cuba and, once in prison, he was undeservingly called a poet. The journal *Le Monde Diplomatique* said Valladares is a CIA fabrication. (Baterlemi) added that Valladares' presence in Geneva is twice as absurd because he is not a valid spokesperson with regards to the internal situation in Cuba. He is also not a representative from the United States, a country with policies that violate the citizens' rights and have affected Latin America for decades.

Reports from Geneva indicate that Valladares has provoked various reactions among officials. The Swedes and West Germans characterize as blatant the U.S. pressures on Western diplomats.

0483

Over 7,000 Students in USSR
32480049b Havana GRANMA in Spanish
14 Nov 87 p 7

[Article by Jose Gabriel Guma, GRANMA correspondent in the USSR]

[Excerpt] Moscow, 13 November—A total of 7,317 young Cubans, of whom 6,038 are at the upper level, are studying in the USSR during the current academic term. Just over 30 percent of them, 2,249 to be precise, are girls.

This large contingent is studying 325 different fields of specialization at 212 centers of learning, distributed among 47 cities in 10 republics in both the European and Asian portions of the Soviet Union, according to an official statement to GRANMA.

During the last academic term, 96.22 percent of the students passed, a figure slightly ahead of the 96.04 percent that was reported for the year immediately preceding.

Another interesting statistic is that 96 percent of the scholarship recipients who were not scheduled to return for Cuba for vacation this year joined in summer work in the Soviet Union and made their contribution to the national economy in construction projects, factories, kolchozes, and other centers.

08926

Military Weekly Becomes Monthly, Changes Focus

FL220350 Havana Television Service in Spanish
0100 GMT 20 Jan 88

[All recorded speakers identified by caption]

[Text] The first monthly issue of VERDE OLIVO magazine will be on all the newsstands at the end of this week. This publication, which has been in existence since 1959, is reappearing with new ideas, a new concept, and a different format and layout.

"VERDE OLIVO came out first as a small weekly tabloid at the initiative of Che. We were still in Ciudad Libertad. I believe it has played a vital role in the ideological formation of our officers, sergeants, and soldiers. It has also informed the public, since it is not exclusive of the FAR, but for the whole people"—Raul.

[Begin recording] [Reporter Maribel Acosta] Are the monthly publication of VERDE OLIVO and its editorial changes tied in with the changes in news policy in general now underway in our country?

[Reporter Veronica Cruz] Yes, I believe so. The monthly publication of VERDE OLIVO has to do with the publication of the newspaper BASTION, which is assuming the news function that the weekly VERDE OLIVO used to have. BASTION has come out three times now, and will be coming out every day. The magazine acquires a new profile. In this case it will be aimed at the young and at the Cuban family and will be devoted to defense and active military service topics.

[Acosta] What is the difference between the weekly and the monthly VERDE OLIVO?

[Reporter Mario Garrido] To tell the truth, it is a new, quite interesting task to address a collective that is also young. In this first January issue, the magazine spotlights the family and its involvement in defense, the education of its children, and the young people at the Cienfuegos electronuclear plant.

[Acosta] What is the role of the provincial correspondents in the new VERDE OLIVO?

[Reporter German Veloz] I cover the Eastern Army as correspondent over there. The magazine intends to show how intensive life is for our combatants in that region, in that army, and of youth in general. [end recording]

Accord With Poland for Aid to Sugar Industry
FL252123 Havana Radio Reloj Network in Spanish
2032 GMT 25 Jan 88

[Text] By virtue of a protocol signed at the last session of the sixth Cuban-Polish meeting held in Havana, Poland will send us 45 centrifugal machines by 1989. Beginning this 5-year period, Cuba will start producing

centrifugal machines for the sugar industry through its cooperation with the People's Republic of Poland. Poland will make the necessary technology transfer so that we can build these machines. Other than centrifugal machines, the mechanical production union of the Minaz [Ministry of Sugar Industry] manufactures all the equipment needed in sugar production.

In addition, Poland will assist in the repair of three plants manufacturing bagasse boards; two new production lines will also be installed.

0619

Continued Use of Domestic Crude Discussed
32480049e Havana GRANMA in Spanish 27 Nov 87 p 1

[Article by Joaquin Oramas]

[Text] A long-term plan must be implemented to provide the technical and environmental elements to encourage more widespread use of national crude oil as a direct fuel.

This assertion was made at a meeting held last Wednesday among specialists from a group of agencies and enterprises, the Academy of Sciences, and other institutions. The experts met in the theater of the Ministry of Basic Industry (MINBAS) to exchange experiences in this area.

The central report delivered at the meeting states that as of 18 November, consumption of national crude amounted to 265,000 tons. Of that amount, 178,000 tons corresponded to MINBAS, 46,000 tons to the Siguaney cement plant, and just over 40,000 tons to the Ministry of Sugar Industry (MINAZ).

The plan for direct utilization calls for a total of 300,000 tons this year. It adds that this volume may increase gradually over the next few years as the effect on installed equipment and on the environment is determined. In addition, this consumption may be assimilated more steadily in electricity generation, cement production, and industrial processes for the production of sugarcane derivatives.

It is estimated that direct consumption of this fuel will rise by about 50,000 tons over the next 3 years. The report explains that this utilization depends on the prevailing prices of heavy crudes and petroleum derivatives on the international market, and on the day-to-day export situation.

In his opening remarks, Miguel Martin, director of the Union of Generating Enterprises, stated that an effort is being made to find technical solutions that are suited to the problems inherent in the direct burning of national petroleum. He pointed out that one of the primary difficulties is the elimination of water and salts, and

expressed the need to increase the level of usage of equipment as one step toward neutralizing the effects of the direct use of national petroleum.

During the discussion of the report, it was noted that the burning of native petroleum in the boilers of different industries needs better coordination. The issue of possible environmental pollution was examined, and the representatives at the meeting were informed that the Center for Chemical Research has begun an investigation of the matter.

In this regard, Roberto Acosta of the National Environmental Commission recommended that the environmental issue be taken into consideration in future decisions on the burning of native oil. Another delegate stressed that this research should be conducted with the utmost scientific discipline.

In addition, the experts studied the benefits the country could derive from this practice, given that every ton of national crude used directly represents a savings of between \$40 and \$50.

08926

Attempt to Monitor Cash Flow in Retail Sector Resisted
32480040d Havana GRANMA in Spanish 15 Oct 87 p 4

[Article by Roberto Paneque Fonseca: "14,000 Cash Registers: An Investment That Awaits Better Results"]

[Excerpts] In the past 6 years, the Revolution has purchased in the USSR and Bulgaria 14,174 OKA and ELKA cash registers, valued at 20,152,200 rubles. In the retail networks of the restaurant and commerce sectors, these cash registers are not being utilized to to best advantage.

In stores, bars, cafes, markets, and other establishments in the country, negative trends have been seen since 1983 with respect to the proper use of these machines. This constitutes a serious violation of cash controls.

The Socialist State purchased these cash registers to minimize the losses to the national economy represented by missing cash (which amounted to 257 million pesos between 1984 and 1986) and to take a first step toward the automation of the large-scale processing of financial data in the retail networks.

The OKA cash registers, which account for 79 percent of those purchased, are highly reliable machines. In the USSR they are used widely and intensively; they even work mechanically when the electricity goes out.

Their prices range from 1,500 rubles (OKA) to 1,140 rubles (ELKA), and the enterprises that have the cash registers pay the Integral Enterprise for Systems and

Computation Techniques (DATINSAC) a fee (agreement) of 9 pesos per month for each cash register, for a total of 127,566 pesos. But when the machines break down, sometimes the specialized technical service is not available; instead, employees of the establishment try to fix them, and more often than not the cash registers are rendered useless.

Essential Economic Function

The economic function served by the cash registers is essential, because they monitor sales and prices, calculate the change, identify which cashier is on duty, and provide the customer with a receipt. In a matter of seconds, these transactions are recorded on a paper tape or on the check or tag itself, thereby speeding up service.

Many cashiers, however, prefer to add up the figures "in their heads," which leads to errors (either unconscious or clearly intentional), and they sometimes charge more than the set amount.

This indicates that the registers are used in such cases for depositing and withdrawing money rather than to monitor the books of a commercial unit.

Technicians of the DATINSAC enterprises report that they have encountered problems with the cash registers, and one even stated that the remarks about this equipment "would be good material for a novel."

They say that they have found insects of all kinds inside the machines, as well as pieces of knives that were used to break into them, lost or broken keys, and burned motors that were plugged into 220 volt outlets. They have found brand new cash registers that have sat uncrated in a warehouse for 3 years. They have found others in which mice have eaten the wires or pulled out the power cables.

Surplus of 130,000 Rolls of Paper in 1986

In interviews with managers, cashiers, and clerks in 12 provinces throughout the country, a certain reluctance to use mechanical and electronic cash registers came to light.

"The cash register works, but we don't have paper rolls," claimed many; GRANMA learned, however, from the Central Input and Equipment Wholesale Enterprise of the Ministry of Domestic Trade (MINCIN) that at the close of 1986, the country had a surplus of 130,000 rolls.

INSAC Chairman's Opinion

Samuel Savariego, chairman of the National Institute for Automated Systems and Computer Technology (INSAC), stated that although his agency still lacks a solid technical-material and human basis in provincial repair shops, it does work and has provided adequate responses to the breakdowns that have occurred so far.

Savariego added that INSAC has spare parts for the cash registers, and that if the machines do not work, it is because the establishments that use them are not concerned enough.

"Our agency," he said, "has 73 technicians trained by specialists in the Enterprise for Computer Technical Services (SERVITEC) in Havana and in the Bulgarian organization ISOTIMPEX."

"As of December 1986," he explained, "a total of 15,183 requests for repairs had been submitted (which are monitored nationally by microcomputers). They required an annual average of nearly two repairs per machine."

The average response time (from the time the request is received until the technician shows up) has been 9 hours, and the average repair time has been nearly 6 hours. This includes everything from the simplest to the most complex repairs.

With the exception of tourist businesses, pharmacies, the offices of the National Bus Service and the parallel markets, all other establishments fail to use the cash registers properly to monitor and balance their books. This leads to the question: Are the cash registers good in some places and bad in others . . . ?

In inspections conducted by the MINCIN, it was found that 52 percent of the businesses visited were unfamiliar with Resolution 137/84 of the Ministry of Domestic Trade; 72 percent had not organized the training of personnel who were to use the cash registers; and 44 percent of the establishments visited did not properly maintain the cash registers.

Increasing Demand

The country needs no fewer than 80,000 to 90,000 cash registers, because the existing ones meet only about 40 percent of the needs of the 36,000 retail establishments in the restaurant and commerce sectors of the People's Government.

Before meeting this important and necessary demand, however, Law 92/86, which deals with the material responsibility—personal and collective—for missing funds, must be enforced strictly.

The Party and the government at the provincial level have begun to deal with this serious problem. Some results have already been seen, and although they have not put an end to the situation, they have attenuated the adverse effects of the lack of a national system to force managers to monitor and balance cash accounts by using the auditing tape of their cash registers.

Massive Development Planned for Granma Province

32480049a Havana GRANMA in Spanish
12 Nov 87 p 2

[Article by Jorge Luis Batista]

[Text] Granma—The broad development program that Fidel has conceived for the eastern provinces over the next 3 years will bring new sources of employment and the solution to current social problems in these provinces.

Nearly 9,000 dwellings, 22 special schools, an equal number of daycare centers, 15 semi-boarded primary schools, 18 supermarkets, and 17 minimarkets are planned for construction in this province over the next 3 years.

In addition, in the 1988-90 period four hospitals will be built in the province, with the corresponding aqueduct and sewage lines, along with five primary schools. Another goal is for 90 percent of the housing in the territory to have electricity.

The Party and the provincial government agree that the projects scheduled for the next 3 years will be carried out with a minimum of equipment, so the success of the plan lies in the full participation of the masses.

08926

Workers Donate 20 Million Pesos to MTT

FL202328 Havana Tele-Rebelde Network
in Spanish 1800 GMT 20 Jan 88

[Text] The Central Organization of Cuban Workers [CTC] has congratulated the country's workers who made contributions to the Territorial Troops Militia [MTT] last year. Rene Penalver, second secretary of the CTC, reported that 21,317,108 pesos were collected in 1987. The top provinces in this endeavor were Matanzas, Sancti Spiritus, and Cienfuegos. Penalver

added that the tobacco, FAR civilian workers, and communications trade unions were named the most outstanding. He said that the contributions' goal this year should come from the trade union sections with the workers' individual pledges.

0514

Data on Auto Injuries, Deaths

32480049c Havana GRANMA in Spanish 11 Nov 87 p 1

[Article by Reynold Rassi]

[Text] A total of 13,291 traffic accidents, whose tragic results have been 1,089 deaths, 9,812 injuries, and millions of pesos in losses to the economy, occurred throughout the country between January and September of this year.

Although there were 549 fewer accidents during this period than in the same period of 1986, a 3.9 percent decline, nonetheless the seriousness of these events has increased because of the high number of deaths and injuries.

The provinces where accidents occurred more frequently include Santiago de Cuba, with 146 more, and Havana and Holguin, with 66 more each. There are seven provinces where the number of accidents went down, but the most significant were Havana City, with 622 fewer; Camaguey, with 179 fewer; and Ciego de Avila, with 63 fewer.

The territories with the highest death rates during this period are Las Tunas, Granma, Cienfuegos, Guantánamo, and Villa Clara, while those reporting a major decrease are Santiago de Cuba and Ciego de Avila.

The city of Havana accounts for a significant proportion of the nation's accidents, 43 percent, as well as 19.4 percent of the deaths and 17.8 percent of the injuries.

08926

Biographic Profile of ID Candidate for Vice Presidency

33480046b *Guayaquil VISTAZO in Spanish*
3 Dec 87 p 19

[Interview with ID vice presidential candidate Luis Parodi by Fernando Artieda; date, time, and place not given]

[Text] The country's political adolescence is a tentative maturity determined by the presence of women in civic matters, the participation of the military in politics, the staking out of evangelical territory by priests—who are coming ever closer to the ideological borderline—and the awakening of technocrats to their national commitment. In this latter category, perhaps one of the most renowned personalities in the current electoral process is electrical engineer Luis Parodi Valverde, who is running for vice president of the republic for the Democratic Left (ID).

He wears the guayabera shirts that polytechnical professors have come to prefer; he is a 51-year-old "Leo" who is married and has two children; he graduated with 10, received the Higher Polytechnical School of the Coast (ESPOL) Philanthropy Prize 5 years in a row, and was the best student at that school in its first 20 years of institutional life.

Without getting involved in party politics, he attained the positions of assistant manager of the Ecuadorean State Petroleum Corporation (CEPE), president of the Ecuadorean Institute of Electrification (INECEL), undersecretary of natural resources, and rector of the ESPOL. Finally, he has surprised everyone with this candidacy, which some analysts regarded as a "foreign body." In fact, some suspicions were aroused when he threw his hat into the ring.

[Question] Did Rodrigo Borja need a non-political running mate who would not "overshadow" him?

[Answer] That is what his opponents are saying, but it is not true. A modern state has an increasing need to incorporate people with technological backgrounds, because their know-how and organizational skills are indispensable for the functioning of the state. I am not a politician, but I believe I should heed the call when I am afforded the opportunity to serve my country.

[Question] But why the Democratic Left?

[Answer] Because it is a serious, ideologically coherent, politically organized party. With it in power, the country will take the path of social justice in freedom, through an evolution of the nation as a whole, without succumbing to extremes that prevent Ecuadoreans from living together in harmony.

[Question] An evolution that prevents revolution?

[Answer] Yes, in a way, if we translate the word revolution in terms of social exasperation, violent and irreconcilable confrontations between social classes.

[Question] But because you are not a professional politician but a little-known technician, how many votes do you think your presence will attract to the Rodrigo Borja ticket?

[Answer] Don't forget that at this point in the campaign, 29 percent of the electorate is undecided in the country; they still do not have a clear idea of whom they intend to vote for. The fact that these people have not decided on their vote means that they are reflexive votes. When these countrymen are forced to make an electoral choice, they will think of the importance of our presence in the Democratic Left platform, and that will influence their final decision.

[Question] What are the personal reasons that would lead a technician to suddenly go into politics?

[Answer] Because all Ecuadoreans have an obligation, at some point in our lives, to devote ourselves entirely to serving our country. Besides that, I am not alone. The challenge I have accepted is not excessive if you consider that I have the entire team of professors and technicians of the Higher Polytechnical School of the Coast behind me. These are wise people who are thoroughly familiar with national problems. They have the practical ability to find a solution to these problems through highly qualified technical and scientific methodology.

[Question] Whom would you like to face in the second round?

[Answer] There are no candidates I prefer to compete with. We have the responsibility to beat them, because the country needs it.

08926

Life-Styles of Presidential Candidates Viewed

33480046c *Guayaquil VISTAZO in Spanish*
3 Dec 87 pp 11-18

[Article by Raul Vallejo]

[Excerpts] Without scandals necessarily having to come to light, the electorate loves to take a curious look at the intimate details of candidates' lives, both the ones they favor and those they oppose.

Sixto

The home of Sixto Duran Ballen, a 66-year-old architect, has been occupied by him for the past 15 years. It is an apartment with modern lines, large windows and an elegance lent by some antique paintings and furniture. It is located near the Hotel Quito, in the northern sector of the capital.

The apartment is part of a multifamily dwelling designed by Sixto himself. His wife Josefina Villalobos, originally from Colombia, says: "In the beginning we had in mind four or five apartments, one of which would be for us. Fifteen years ago our family was relatively young, and most of the children were still single. The three lower apartments were for the three oldest children, who were already married. Another was for my mother and aunt, since I was an only daughter. My parents died during those years, and my aunt lived with me. But as our children got married, we built a fifth apartment above this one. One of our married children is living there now, and below another married daughter lives with her two small children. Other apartments are rented out to other people. At least with two children, we are together but not on top of each other." The living room has stylish furniture, but it is of different eras. Most of the pieces are European, 300 years old, inherited from a childless aunt of Sixto's. The most outstanding paintings are two by Salgado, a colonial painter, and other antique works by European and Ecuadorean artists of the colonial era. Some were inherited and others purchased. No particular style chosen by Sixto's wife predominates in the decor; the walls are full of valuable pieces as well as some oils painted by an aunt who is an amateur, and they have limited artistic value.

The apartment has three bedrooms, each with a bath, and a very spacious study which contains Sixto's famous collection of more than 3,500 records, and many books. The dining room is very large, because when all of the family gathers, including children, there are about 30 people. There is a very big terrace, 10 meters wide, which has no blinds or curtains and offers a beautiful view day and night. "When he was mayor, people used to tease Sixto, saying that he controlled the city from here," says his wife. Sixto's favorite place is the library, which also serves as the family's private area. It consists of two rooms containing shelves loaded down with records and compact discs for a laser disc player. The books are arranged by subject matter, art, music, novels, mysteries, technical works, etc. In the same place, off the private room, is a small bar.

On one part of the wall in this area are displayed awards and keys to cities. The majority of them are mementos of Sixto's term as mayor of Quito, when he was visited by foreign mayors and he in turn visited other countries. Part of the library is devoted to a collection of publications from the municipal archives, dated 1970 to 1978, his term of office.

"Usually he is at breakfast between 0730 and 8000 hours. He always has a late midday meal. When all of the kids were in school and they were on a single schedule, we always wanted to wait until they got home, because we felt that the dinner hour is when the family should be together. So we waited until they got here, around 1430, for our midday meal. Thus, Sixto worked his schedule around that dinner. Nighttime is another matter; we don't eat much, some are at work and have different

schedules, others go to the university. And in recent years, Sixto has been going to his mother's house. She is quite old, and he has coffee with her. He returns at around 2100 hours. So the favorite time for the family to get together is the midday dinner." Sixto's family consists of three sons and six daughters, all of whom have studied abroad.

Sixto is a very straightforward man, a very sentimental person who is not embarrassed to express emotions. He has a very good sense of humor. His wife asserts that he is very affectionate, both with his children and with her. Indeed, he may be a little too softhearted.

But according to his wife, "he loses his temper when he grows impatient and wants to work when he is not allowed to, or when he is interrupted a lot, like now during the campaign, and he gets nervous and exasperated. He doesn't like to be kept waiting; he is a very punctual man, and since he is on time, he doesn't like this business of 'Ecuadorean time,' which he thinks is disastrous." Sixto is not a man who likes heavy colognes. He prefers American cars, and currently has an Aska and a Chevrolet van, both 1987 models. He owns a small apartment in Bahia de Caraquez. He has been a stamp collector for 12 years, and the walls of his home are decorated with scores of photographs of his family, children and grandchildren.

Frank

A kilometer above the northern station of the Tejar-El Inca bus line, in a poor neighborhood of Quito, is the home of Frank Vargas, 54, a retired air force general. But the house itself is not poor; it and a few others in the sector make up a residential complex that stands out from the others. Nor is it a mansion; it is located on a large lot that includes a garden where corn, potatoes, and lettuce are grown, a tennis court, a firing range, and a playground with a slide and swing set. The structure is designed to look like three hangars in the shape of a linear "C".

"This house was a corral owned by an Indian and then sold to an American. I rebuilt it with my wife; of course, we hired carpenters, masons, electricians, and an enginner, but we directed the work. My wife had more influence on the decoration, although we both contributed our opinions." The decor is simple, upper middle class. Local materials have been used. "Because I had studied interior decorating," says Miriam de Vargas, 43, an interior designer, "I wanted my house to reflect my ideas. But not everything could be done for financial reasons; we did it gradually, as we could afford it." Each room is spacious and well-lighted. Next to the living room is the dining room, where there is a table on one side and a small parlor area on the other side. There an organ which the children play is the only object of note. Then there is the kitchen and a daily eating area, and then the library.

The library is a small room and it is jam-packed. There are books on myriad subjects, folders full of newspaper clippings, a case displaying medals, dozens of model airplanes, documents, and diplomas.

In the hall of the middle block where the bedrooms are arranged in linear fashion like barracks, Vargas Pazzos has a collection of paintings. They are not done by major artists, but were chosen to suit his taste: landscapes, aircraft, and social themes. Stopping in front of an oil painting of a Che smoking and writing in his diary during a break in the guerrilla campaign, Vargas commented: "This is the most accomplished image of Che: The rifle shows that he is a combatant, the book portrays him as an intellectual, and his expression shows him thinking and reflecting on his actions." In the other perpendicular block is an almost fully-equipped gym. A huge mirror on the wall has an exercise bar attached to it and expands the already large space in the room.

The general's daughters, who were present during the interview, are Milushka, 19, and Yael, 17. Both are in the fifth course of social studies, and are typical beauties of the coastal region. They speak easily, and display an adolescent complicity when they exchange glances at any question involving the family. If their father didn't interrupt them so many times to clarify what they said, they would speak more freely about their personal affairs. They are party-goers, but they don't go to discotheques much. "My dad doesn't like that," says Yael. They are good students, but they don't get the best grades in school, and they get help from their parents on the subjects they are weak in. "I think that help should be limited; they should be allowed to develop and to make an effort," explains Vargas. Vargas has three other children, Frank Alexei, an air force cadet, 22; Vladimir, a coast guard officer, 21; and Daniel Espartaco, 3, who is the godson of President Febres Cordero and his wife. Both Frank and Miriam have been married before. "Our courtship was very short, a mutual attraction. We married 2 months after we met, and our declaration of love was emotional." Vargas is not only a good cook, "I specialize in turkey," he says, and continues to list his skills proudly. "I have prepared my own meals all my life. I like to camp out, I can use a sewing machine—in general, I know how to do everything to take care of myself." His daughters say that a lack of discipline makes their father bad-tempered. When they are about to continue, Vargas interrupts: "We should clarify the term 'bad-tempered.' I don't think it's appropriate to say 'bad-tempered,' just simply that I know how to assume a corrective attitude. The term 'bad-tempered' sounds abnormal to me." Frank Vargas is orderly. "That is the example he has set for the entire family," says his wife. "He himself packs his suitcases and hangs up his clothing." He likes to spend time in his library and walk around the yard: "I try to use long walks after eating to clear my mind, think, relieve tension. I regard it as adequate for a man's health."

When I ask him why he always wears combat dress, he looks surprised, and calmly explains: "It's not combat

dress, it's normal clothing, civilian dress that people..." The atmosphere is then charged with laughter as Mrs Vargas chuckles. "He thinks it's not so normal," she says, smiling. "No? It's what I've worn all my life, because of its color, its comfort, the cheap price, and because it's the national dress."

Duarte

When I ask the Duarte family who decorated the house, Angel Duarte—of the Concentration of Popular Forces (CFP), a 53-year-old attorney—looks at his wife, Graciela Pesantes de Duarte—a journalist, 51—and she says, with something between amusement and surprise: "Don't look at me!" The children also laugh, and she goes on, with more aplomb, "Actually, I have been the one who had the wherewithal to decorate it according to my taste." She looks at her husband, pauses, thinks, and goes on: "I don't know if it's our taste, but it certainly is my taste." The Duarte home is located south of Guayaquil. It is large and luxurious, much more so than others in the neighborhood, but without the ornateness of aristocratic residences. The living room has stylish furniture, a grand piano that is played only by Maria de los Angeles, the oldest daughter (who, at 24, is about to receive her degree as an architect). She confesses quite candidly, "I didn't want to appear in any of these interviews. I'm only doing this for my dad." The walls are decorated with tapestries, a mirror with a huge bronze frame, and a glass case full of porcelain figurines and decorations that give the room the look of a sequined dress.

We tried to take a picture of the family in this room, but Angel Duarte refused: "So much luxury is offensive in a country living in poverty." His wife replied calmly, "That's the way we live. We have no reason to hide it." That was the only time all afternoon that Duarte showed impatience: "Besides, I don't like glitter at all," he concluded, and we took the picture elsewhere.

Between the living room and the dining room is a split-level area with a bar, outfitted with a full complement of liquors and a double-keyboard organ. This is a reflection of the gay, somewhat bohemian, friendly spirit that characterizes Angel Duarte. His wife recalls the long nights with pasillos sung to the tune of a friendly guitar, the evenings of festivities among those who like to entertain at home.

In the dining room is a long table that seats eight, flanked by a china cabinet full of glasses of all sizes, a sideboard, and a tapestry above it on the wall. To one side is a small sitting room and a collection of plates which emphasize the style of the whole house.

At the back of the house is Duarte's study, whose decor contrasts with that of the remainder of the house, given its obvious starkness. The library is about 10 meters long and five shelves high. It is full of books, but not one deals with law. "The law library is in my study," he says. He is

well-versed in literature, and talks about his books with pride and love. And he shows me a first edition of "Los que se van," that classic work of Ecuadorean social realism published in 1930. "Since I was a student I have always liked to read a lot. With the few cents I had then, I bought these books, which are now a treasury." What is the last book of Ecuadorean literature he read, I ask him. He thinks for a while, and then says: "Now, with the campaign, I don't have time for what I like, but the last thing I read was 'Nunca mas el mar' by Miguel Donoso Pareja." On the wall across from the library hang some paintings, including an Almeida, a serigraph by Gonzalo Endara, and a water color by Pepe Luque in which, beside a window, a torn poster reading "Duarte Presidente" appears.

But his artistic treasure consists of two small paintings by Victor Mideros from the turn of the century. "We bought them on San Telmo Street in Buenos Aires," he says, "a few years ago in an antique shop. The dealer sold them to us very cheap, about \$80. . ." then his wife interrupts: "Sixty, remember? I asked for a discount . . ." Maria de los Angeles also chimes in: "These paintings are now very valuable. At the Central Bank, the restoration alone costs 1 million sucres." Then Graciela de Duarte speaks again: "When I went to have them framed at the Policentro, Mideros' own grand nephew was there and tried to buy them from me. 'My grand uncle painted only 12 of those,' he told me." Duarte's children express their opinions freely, sometimes contradicting their father, but he does not get upset, and they are free to talk. Maria de los Angeles says: "I like La Nueva Trova Cubana, Latin American music. I have been at Pablo Milanés' concert, and my father has taken me to other concerts in Quito." Priscila, 20, a third-year student in aquaculture at the Polytechnical, puts in, "I prefer the ballads of Jose Luis Rodriguez, and my brother Angel (fifth year in law at Catholic, 22 years old) is a Pink Floyd fan." Duarte is a homebody who is addicted to electricity, having had several blackouts at his house. He does not smoke, and he likes a little whisky with a lot of mineral water. He has had very little to do with household chores, according to his wife. For birthdays he buys her enough perfumes to last the year. From their courtship until a few years ago when the vigorous political activity interfered with it, he used to serenade his wife. He is jealously protective of his daughters, and what irritates him most is when his children squabble. He respects the opinions of his family.

Emanuel

Los Olivos is an exclusive neighborhood of Guayaquil in the northern part of the city. That is where Carlos Julio Emanuel (economist, 42, until recently general manager of the Central Bank) makes his home. It is an elegant and somber structure, with the indispensable amenities of the "yupis" (the Spanish abbreviation for "young urban professional"): swimming pool, an Aiwa sound system including a CD player, colonial-era paintings of the Quito and Cuzco schools, a large and well-stocked bar, a

portrait painted by Humberto More ("no one knows that his real name was Lalot Rivadeneira," Emanuel tells me), and a portrait of his wife, Maria del Pilar Cornejo, 35, by Theo Constanter.

The interior walls of the house are white, without overall plastering. There is a lot of wood (stairway, slats, ceiling), which combined in different tones lends an air of informality that goes well with the furniture in the living room. "Maria del Pilar was primarily responsible for the decoration of the house," says Emanuel. "She has a sister who studied design in the United States, and the two of them designed both the exterior and the interior." The Emanuel art collection is not extensive, but it is full of major names: four paintings by Endara Crow, valued at more than 1.5 million sucres altogether; three by Kingman, three by Almeida, three more by Theo, two more by More, a Cattasse, and a few others, some gifts and some purchased. "I have always liked art. I even have a Chinese painting in the dining room that was a wedding gift from Dr Carlos Julio Arosemena." The study, which is on the second floor, has a desk and a deluxe library. The furniture cost more than 1 million sucres. There are many books on different subjects in both English and Spanish. "I usually read more than three books at a time."

Emanuel tells me that he likes classical music very much. We walk from the living room to the bar, where he shows me a case containing 100 cassettes of the Great Composers collection put out by Salvat.

"I can't go out to eat much with my friends anymore, because I always opt for Chinese food first of all," he laughs. That explains the oriental decor in his dining room: the table and sideboard are shiny black, solemn if you will. Then he adds, "I'm a great fan of the YOUN YEP," a Chinese restaurant located in Los Ceibos, another exclusive residential area north of Guayaquil. "But actually, I eat everything. Last night, for example, we finished a campaign meeting at around midnight, and we went out to eat at Facundo," a popular eatery south of the city.

Emanuel speaks easily, without hesitation. He tells me that he does not know how to cook, and adds that when he was going to school in the United States (for over 10 years) he made his own meals, but there cooking is a breeze because everything is convenience food. "No," he adds, "let's not fool ourselves." He likes the fact that his children are not prone to learning things by heart, but rather reason things out when he helps them with their homework. His second area of specialization is history, and he likes Ecuadorean literature.

Emanuel used to have his clothing made by his father's old tailor, and when he tells me that, he opens his jacket to show me the label of the tailor: Ricardo Gavela. "The tailor died about 3 years ago, but I still have a few suits." Now he buys his clothing ready-made, as his children do.

He does not use cologne, he does not smoke, he drinks socially, and prefers vodka and orange juice. He gets mad when people visit him at home on weekends to discuss business.

Carlos Julio Emanuel has four children: Maria del Pilar, 15, a student at Jefferson; Carlos Julio, 12, and Luzmaria, 11, both of whom study at the SEK, one of the most expensive schools in Guayaquil; and Carlos Antonio, 2.

"Because of the campaign, I didn't see the little one for 2 weeks, because I would come home late at night and leave early in the morning. Then one Sunday, when I was finally at home, Carlos Antonio took me into his room and we watched TV together. A soccer game was on, and he said: 'Daddy, goal!' Then he asked me to play with him. That was when I realized he was talking already."

08926

Recent Political, Economic, Social Developments

32480050 [Editorial Report] Various Spanish-language Mexican press sources, as indicated, have been consulted to prepare the following collection of extracts, No 8 in a series. Where further processing by FBIS is planned, a note to this effect accompanies the item.

Party Practices Criticized by Gonzalez Guevara—Former Ambassador to Spain and current member of the Commission for the Strengthening and Modernization of the Institutional Revolutionary Party (PRI) Rodolfo Gonzalez Guevara has stated that the deep political crisis being experienced by the country is the "result of errors committed by our party, errors that unfortunately have strengthened the opposition parties." Gonzalez Guevara made these remarks in Culiacan, Sinaloa, on the evening of 10 December at a meeting of PRI municipal and sectional leaders from Sinaloa at which PRI presidential candidate Carlos Salinas de Gortari was in attendance. Guevara Gonzalez said that one of the party's errors has been the selection of municipal office candidates lacking roots in the communities in which they serve. He labeled the party's "clean-sweep policy" as one of its greatest errors because the benefits to candidates who would otherwise have lost on account of irregularities committed by them are bought at the expense of the party's reputation and strength. Gonzalez Guevara also noted that the 1988 federal elections are going to be especially difficult owing to the combination of political and economic crises and advances made by the opposition parties as a result of the political reforms implemented over the last 10 years. [Mexico City LA JORNADA 11 Dec 87 pp 40, 6]

PEMEX Export Level—Mexican Petroleum (PEMEX) Director Francisco Rojas affirmed on 10 December that Mexico's level of exports will remain unchanged at 1.36 million barrels per day. [LA JORNADA 11 Dec 87 p 27; for an earlier report on PEMEX's export level see "Recent Political, Economic, Social Developments," No 7 in the series, which is to appear in a future issue of JPRS REPORT: LATIN AMERICA.]

Priority Given to Completion of Projects—The Planning and Budget Secretariat (SPP) and the Office of the Comptroller General of the Federation have announced a presidential decision that 1988 government spending will be directed toward the completion of works in progress and that new projects will not be undertaken. This action, called the Program for the Completion of Priority Projects for 1988, has been prompted by the limited availability of resources. SPP Undersecretary of Planning and Budget Control Ernesto Cedillo indicated that in this way the maximum economic benefit will be achieved using the fewest resources. Moreover, it will facilitate the channeling of greater sums for maintenance and refurbishment of facilities presently in service. [LA JORNADA 8 Dec 87 p 15]

Boost in METRO Fare Foreseen—Collective Transport System (Metro) of the Federal District Director General Gerardo Ferrando said in Monterrey, Nuevo Leon, on 7 December that in 1988 the public will have to support a fare structure that fully covers the real cost of the service. While the present fare is 50 pesos, the actual cost per ride is 170 pesos. [Mexico City EXCELSIOR 8 Dec 87 pp 18-A, 35-A]

Suspension of METRO Projects—According to information from top-level officials of the Federal District government, the expansion projects for METRO subway lines 4 and 7 and construction of a tenth line have been permanently canceled due to a shortage of resources and a desire not to begin projects that cannot be completed during this presidency. [LA JORNADA 9 Dec 87 pp 32, 14]

Land, Loans for Ecatepec Land Invaders—The 792 families dislodged from Encampment PMS [Mexican Socialist Party]-1 on the land they invaded and from which they were soon after dislodged by the police more than 2 months ago in Ecatepec, Mexico State, are to receive lots and housing construction loans for settling in the same municipality. Urban Development and Ecology Secretary Manuel Camacho Solis stated this in a meeting held 7 December with PMS presidential candidate Heberto Castillo and a commission representing the families involved. [LA JORNADA 8 Dec 87 pp 40, 26; for an earlier report on the Ecatepec land seizure, see "Recent Political, Economic, Social Developments," No 4 in this series, in JPRS REPORT: LATIN AMERICA of 5 Nov 87 (JPRS-LAM-87-071), p 45.]

Guatemalan Army, Guerrilla Incursions—Federal government workers from the Urban Development and Ecology Secretariat, the Agriculture and Water Resources Secretariat, and PEMEX have reported that both Guatemalan guerrillas and elements of the Guatemalan Army regularly penetrate the Lacandon Forest in Mexican territory. According to them, these forces plus other Central Americans have endangered the inhabitants of various communities. Those interviewed told of how approximately 3 weeks before the army had bombed an area near the Chiapas town of Chajul, which is 10 km inside the Mexican border and the site of regular incursions by Guatemalan Army forces in pursuit of guerrillas. [Tuxtla Gutierrez LA VOZ DEL SURESTE 24 Nov 87 p 1, 2]

Chiapas: Political Manipulation by Priests Charged—According to Fidel Enrique Culebro Trejo, leader of the Small Landholders Federation, many priests manipulated by the leaders of various organizations have infiltrated the Chiapas rural areas as "the brains" behind peasant unrest. Culebro Trejo described these priests as having come from El Salvador, Nicaragua, and Guatemala under religious auspices and went on to say that intervention by the Interior Secretariat is necessary to prevent their intrusion into the political life of the nation. Otherwise, he continued, the abuses and acts of

vandalism stemming from their agitation will have to be countered with force outside the framework of law. [LA VOZ DEL SURESTE 11 Dec 87 pp 1, 2]

Corruption of Chiapas Would-Be Revolutionary Cited— A Bochil Municipality (Chiapas) official has accused Unified Socialist Party of Mexico (PSUM) Deputy Sebastian Perez Nunez of collecting from peasants in the area increasingly-large compulsory contributions that Perez Nunez says are intended for financing an armed struggle to overthrow the current government and equitably divide the nation's wealth. What is clear, said the official, Humberto Diaz Gutierrez, is that the PSUM deputy has gotten rich, as have all the leaders of the Independent Central Organization of Agricultural Workers and Peasants and other leftist organizations. [LA VOZ DEL SURESTE 11 Dec 87 p 4]

Chihuahua, Coahuila Church Documents—For the texts of the second draft of the Chihuahua Archbishopric's "Workshop on Catholics and Democracy," dated July 1987, and the 6 August 1987 "Pastoral Orientation of the Bishops of Coahuila on Catholics' Political Options," see JPRS REPORT: LATIN AMERICA of 17 Dec 87 (JPRS-LAM-87-O77) and 21 Dec 87 (JPRS-LAM-87-O78), respectively.

New PMS Head Discusses Religious Views, Family Relations

32480045 Mexico City PROCESO in Spanish
No 578, 30 Nov 87 pp 16-19

[Article by Gerardo Galarza]

[Text] He blushes, looks down, shakes his head and laughs to himself. He recovers almost simultaneously:

"Well yes, that's the way it was. But I've never been involved in PRI," retorts Roberto Rincon Gallardo, the first secretary general of the Mexican Socialist Party (PMS), who begins by talking about his militancy and activism in PAN [National Action Party] as a youth:

"I did belong to PAN youth groups. I was at the preparatory school of the Patria Institute. I had studied there since primary school."

He goes on to say:

"No, I never held a leadership position. We were a group and were in charge of organizing the Santa Julia zone, where, there's no reason I shouldn't say so, we taught catechism, and in the Xochimilco zone too. We went to the Tepepan Hospital for the Incurable. I didn't miss a single Saturday for 7 years. We were catechists."

"Are you a believer?"

"No."

"When did you lose your faith?"

"I didn't lose my faith. I never lost it. I've never lost it. I believe in values and in their continuity. Through science and the search to know the truth I reached other conclusions, but I don't feel that I've lost anything."

Alone in a lonely PMS building because of the National Congress that was being held in the Unity of Congresses of the Medical Center, Rincon Gallardo agrees to talk about himself even though "what can I tell you about myself." He often blushes, laughs too, becomes serious and cannot conceal his emotion when he talks about Silvia, his wife, about love; nor can he conceal his pride when he mentions his only grandson.

Suddenly he asks: "Who told you that?" and then opens up: he talks about relations with his family, which has a proud ancestry and is very wealthy; about his struggles in the PCM [Mexican Communist Party]; about jail; about his teachers and readings; about Christ and Marx; about his hobbies and passions: opera, theater, cooking. Throughout his own history are intertwined names like Luis H. Alvarez, Ruben Jaramillo, Ramon Danzos, Heberto Castillo, Gerardo Unzueta, Arnoldo Martinez Verdugo, Raul Mendiola Cerecero, Rafael Jacobo; he talks about PAN, about the National Liberation Movement, about the PCM, the PSUM [Unified Socialist Party of Mexico] and inevitably, about the PMS...about Heberto Castillo and Antonio Becerra Gaytan.

Gilberto Rincon Gallardo Nerltis (his maternal grandmother was British) was born on 15 May 1939 in Mexico City. The PMS secretary general is an attorney, a former political prisoner, a former member of the Central Committee of the PCM, a former federal deputy and was secretary of international relations of the PSUM until the merger. The decision of the members of the National Coordinating Commission was unanimous; the consensus among the members of the PMS was more than a majority: "He is a leader of and for all," prominent PMS members told the reporters who wanted to know the names of the potential candidates for secretary general.

We must begin discussing his life from the beginning.

He was born with a silver spoon in his mouth. By age 14 he had already lost his mother and father, at which point he began to drift away from his family. "So I was left alone and out of touch with the family because of certain wrongs. I had no identification with them; I still don't. But I have no aversion to them either. There has been no contact for some time. Our paths have been different, although a maternal aunt of mine did introduce me to Jacinto Lopez."

He reiterates that there is no aversion and grows serious when asked for an opinion: "Speaking from the point of view of class, there are people who have one essential value: money. Everything depends on money and that's why it's worth very little. That's the life of financiers: everything is subordinate to profits, and any other value,

even the homeland, is ignored. The group in power reflects what that class is as never before; it has just one value: money, in dollars now."

I have already mentioned that he studied at the Patria Institute, a Jesuit school and one of the most exclusive at the time, a direct forerunner of the current Iberoamericana University. He joined PAN while in the Patria preparatory school. He was a youth activist. As such he took part in organizing a meeting during the campaign of Luis H. Alvarez, the current national PAN leader, in the colonia [urban community] Santa Julia.

"I think that we've all left PAN by now. We were very young. Back then I met Luis H. Alvarez, who seemed to me to be an honorable man. I still think of him that way, and I feel that there is a huge gap between what he is and what Clouthier is. I think that Alvarez is upright and honest and has political intelligence, which does not hide his rightwing thinking, and that is why I regard him as an adversary. The world is not divided into honorable and dishonest people. Although it is preferable to have an honorable adversary. The political struggle becomes more dignified, and therein lies the difference with Clouthier."

Religious Values, Political Values

He explains his PAN activism: "It was because of religious influence. We saw in PAN the link between religious values and political values. I later realized that this is a mistake. PAN's values are on the side of the Right, in defending capitalism, and religion in itself is not an element in defense of the capitalist system. It has now been shown that it can be an element for defense, but of the exploited, of the humble."

"There was indeed frustration" in his break with PAN. It was the years 1956, 1957, 1958. Waves of grassroots movements took to the streets back then. I took part in them, I went to the demonstrations of the railway workers, the telephone workers, and there wasn't a single PAN member there, and later they even condemned these actions. I realized that PAN had nothing to do with the values of which we are speaking."

The values that bind politics and religion together are "the struggle for justice, love for the truth, values such as honesty and even love for the homeland. In the Bible there are very clear passages about love for the homeland: the view of Christ as the defender of Jerusalem. All of this is wrapped up in something called faith; it is an engine, a spur and, in the poor, an escape too."

He then defends Marx for writing that "religion is the opiate of the people." Marx, Rincon Gallardo says, was not a theologian and "saw religion as an escape, but not in the pejorative sense. It is not numbness; it is an escape

from anguish; it is what is called faith and what in revolutionary ideas is called conviction. Faith and conviction can be different things, but in the final accounting they are spurs."

The new Mexican Socialist leader does not believe that there has been a break between catechesis and political activism: "It is a line of continuity. These are real values that resemble each other when they are authentic. Ruben Jaramillo and I were going to organize peasant groups, and if the language was not religious, there were similarities. I'm not a religious man, but I understand that in religion there are many values that ought to be preserved and that in fact are preserved." He takes this opportunity to state categorically: "I arrived at Marxism without any religious trauma," although he will later relate how the antireligious view of the old PCM once frightened him.

Besides his disappointment with PAN, registering at UNAM [National Autonomous University of Mexico] also contributed to his "conversion": "Knowledge of the country's realities, knowledge of the class struggle, condemnation of the concentration of wealth, together with books, one especially: 'Raices y razon de Zapata.' At UNAM he joined groups that were organizing peasants in Morelos, and Ruben Jaramillo thus became 'his first revolutionary contact. Then came Jacinto Lopez, Danzós."

His shift from PAN to the PCM was not abrupt. In between he belonged to the National Liberation Movement, in which Heberto Castillo, Cuauhtemoc Cardenas, Enrique Gonzalez Pedrero and Victor Flores Olea, among others, were involved. He joined the PCM in 1963, "on 9 January," he says.

Those were the days when dogmatism was the rule in the Communist Party, above all in matters of religion. "I rejected the way that some militants dealt with religious issues. One day, in the colonia [urban community] 20 de Noviembre, our cell got together. Almost everyone had joined recently. There was a statue of the Virgin in the house. An old militant arrived and told us without further ado: religion has no place here; myths have had it here. He made a frightful impression on me."

"It was the Communist Party that felt that there ought to be an official philosophy and that Marxism was a conception of man and the universe; it was the official philosophy and not what it is: a method of political thinking. It later began to change, it began to tone down. Now there is no problem with beliefs."

He denies that he is a bridge between Christians and Marxists. He rejects it: "I do not claim vanguard status or exclusivity. There were a lot of us who struggled. It was part of an overall struggle against dogmatism and sectarianism. Arnoldo Martinez Verdugo really is the architect of that struggle."

Possessing a friendly manner, not strident in his speech and an attentive listener, Gilberto Rincon Gallardo cites four teachers when he is asked to talk about them: three from Patria, all of them priests, and one from UNAM a Jacobin extremist. He remarks: "Father Saenz, Father Luis del Valle, whom I am still very fond of and see quite often, and Father Enrique Meza. At UNAM: Juan Perez Abreu, who was at the other extreme, deeply antireligious, a Jacobin, but also noble and honest, full of human values like the other three. He would die a second time if he knew with whom I'm comparing him." And the Socialist leader laughs.

His readings: "I don't think I can tell you anything interesting. I'll mention two that are cliches: 'El Quijote' and the Bible. They're works about which nothing new can be said, but they made their mark on me."

More than Marx' works?

As much as Marx' works.

He admits his liking for the theater and literature: "Yes, I like them a lot. I don't want to compare, but I'll stick with the American generation of the grand era: Faulkner, O'Neill, Williams, Howard Fast." And he adds: "As for Mexican literature, I must say that I think Jose Revueltas has been our most important writer, but Octavio Paz shouldn't be underestimated either."

A music lover in earnest, the Socialist leader closes his eyes to talk about opera in lilting, emotional tones: "I used to go to the opera with my dad, from the age of seven, every Sunday, even when the operatic repertoire in Mexico was very narrow. I like Italian opera, Mozart, Wagner and the Russian operas. I haven't gone for a year, but one of these days I'll make time."

"Talk to me about cooking..."

"No, no," he laughs out loud and blushes more than ever. "I'd rather have you over for dinner some day. Who told you about that?"

"I know that you invited the people who were drafting the CONACO [Mexico City Chamber of Commerce] report over for a few tacos, and at least four of them got sick..."

"No, no, I didn't make them," he says in his defense. "I didn't make them; we bought carnitas [a traditional dish featuring cubed cuts of meat] near the house."

He seeks to preserve his prestige: "Yes, its true, I like to cook. A lot, it relaxes me. Maybe it's my heritage. My dad cooked, and ever since then I've gotten used to it." He refuses to discuss his specialty but agrees that it's Chinese food. He relates: "On Christmas Day and New Year's Day the entire family gets together; it's a tradition for me to cook supper, and I do it year after year."

"What do you make?"

"Well, I used to like to have cod, but for some time now we haven't been able to; it's too expensive. Also suckling pig or shellfish soup. Something else I like to make is paella."

His Experience in Jail

Rincon Gallardo, a deputy at the time of the Political Reform, also lived through the PCM's days in the underground. He has been arrested eight times by the police. He was a political prisoner as a result of the events of 1968, from July of that year to December 1971.

The first time he was sequestered for 3 months in the 6th Delegation [i.e. Cuauhtemoc], without an arrest warrant and without any trial, after the bombing of the statue of Miguel Aleman at UNAM. His fellow detainees relate that the police respected him, that he was treated differently.

"That's true," he admits. "I don't know why, but for example, after a demonstration at which a lot of people were beaten, a group of granaderos [a Federal District General Secretariat for Safety and Roadways police unit responsible for control of crowds and demonstrations] ran after me and when they were about to beat me, one of their commanders stopped them."

There is another account that Raul Mendiola Cerecero, the then chief of police, did not overdo it with him. "Yes, he wasn't aggressive with me. His manner was that of a police chief, which of course is not at all refined. But there were no excesses; I don't know why."

He has two memories of Lecumberri, the best and the worst. The first: the assault on the political prisoners in cell block one to break their hunger strike, an attack ordered by Gustavo Diaz Ordaz. The regular prisoners were sent against them; the cell block gate had unexplainably been left unlocked. Nevertheless, he also has unforgettably inspiring memories: "how Rafael Jacobo locked his arms around the gate so that we could all get to our cells. He was knifed in the arms, the head and the body; he was on the brink of death, but we managed to hide. Even so, the attackers succeeded in getting in, but first they stole our belongings. I was with Gerardo Unzueta, and we got out of cell 1 as best we could; I crawled on all fours, which I had never done in my life."

He says that in jail the political prisoners of 1968 tried to live a normal life. There were group activities, readings, discussions: "We didn't have enough time. You can't waste time in jail." He then adds emotionally: "My fondest memory about jail is my wife. She played a fundamental role. She never brought me any problems; she always tried to help and support me."

He waxes emotional when talking about Silvia Pavon, to whom he has been married for 28 years. He talks about her because he is asked to: "I think she's the only woman. I'm in love with her. I've had her support all my life and I'm sure that I'll keep on having it for the rest of my life. Since I got married I've had no other love, of any kind." He says that his family (his wife, three children, two boys and a girl, and now a grandson) has been a source of stability, and he proudly reports that his grandson, who is not yet a year old, "is always on my mind."

More than the PMS?

Not that much.

The interview drifts towards politics, although there will be more time for that. He denies that the PSUM was a failure. The roads to unity are very complicated, and there were snags. Gascon Mercado's group unfortunately left, and the party also became disorganized, but in the end it found the path to unity again and for that reason was not a failure. Its experience should help the PMS.

He wants the party he runs to have a clear-cut political profile, heading up the grassroots struggles, organizing, bringing together, gaining power for the people every day, filling spaces, a Socialist Party that can speak about Mexico, "so that people will identify socialism with us, not with China or Cuba or the USSR, a party that serves as a tool and that does not lose its modesty."

"The PMS has one fundamental challenge: to come to power. Thus, when Heberto Castillo talks about winning, he is saying something legitimate: the confidence that the people of Mexico have the ability to change."

He does not conceal his concern over the confrontation between Castillo and Antonio Becerra Gaytan on the night of Thursday the 26th, but he says optimistically: "We are going to wind up obligatorily united. Emotional moments are just that. Becerra and Heberto have lengthy political experience, and that overrides any momentary incident."

He denies that he possesses the virtues of an openness to dialogue, an eagerness for integration and an aptitude for conciliation, as his fellow party members say he does. "These are not qualities; they are efforts. I have always tried to be a good listener," and he announces that he will seek to make the PMS leadership and management collective.

Gilberto Rincon Gallardo says that he is optimistic and, above all, a "very happy man. I become overly distressed only when we don't achieve cohesiveness, when internal problems put a lot of pressure on us."

8743

U.S. Intervention in Haiti Condemned
32480043b Managua BARRICADA in Spanish
5 Dec 87 p 3

[Editorial: "Why Are They Meddling in Haiti?"]

[Text] Yankee hypocrisy and arrogance are once again looming up threateningly in the wake of the recent bloodstained events in Haiti. Mouthpieces such as THE MIAMI HERALD and Congressman Walter E. Fauntroy have outspokenly proclaimed the need for military intervention headed by the United States to assure a "democratic" course in that beleaguered country. Who has given the United States that right? Why didn't they talk about intervening in Chile in 1973 when Allende and 50,000 others were murdered?

The purpose is very clear. The United States is in no way interested in putting an end to the crimes of the Tom Tom Macoutes or to the continuation of the Duvalier dictatorship through the Military Junta or other means. On the contrary, its interest consists in perpetuating a Duvalierism without Duvalier and in cutting short the mounting aspirations of the masses for freedom and democracy.

The comment that "Namphy has exhausted the people's patience" and that "he must go" is true, but not because the U.S. Government does not like him. It is simply choosing a perfect scapegoat to placate the masses, keep the system intact and put a "clean" face at its head.

The Yankees could not be more brazen, with THE MIAMI HERALD taking the invasion of Grenada as an example and saying bluntly that "this paper supported that invasion." They believe that this unfortunate precedent can be repeated in Haiti, calling on "the democracies of the hemisphere, or the United States alone if necessary, to invade Haiti," as if Haiti were the private property of Americans and the Haitian people had no right to ascertain and resolve their internal differences on their own.

The dust is being shaken off the old protectionist practices, and another appeal is being made for "multinational troops to impose order."

The Latin American community of nations, which represent the fundamental component of the OAS and the overwhelming majority of which have signed the NOAL's, now have the strength and cohesiveness needed to abort the United States' interventionist plans.

Within this context, the Acapulco pledge, signed by eight Latin American presidents, must become a spearhead against intervention and for the right to self-determination of peoples.

Recent Political, Economic, Social Developments

32480047 [Editorial Report] The following items have been abstracted from reports published in various issues of the Spanish-language press in Nicaragua, as indicated. No 8 in a series. USSR Rice Shipment Arrives—A Soviet ship carrying 5,000 metric tons of rice arrived in San Juan del Sur. Distribution priorities are: first, the armed forces, then regions 2, 3, and 4 in the Pacific, "here this product has not been seen in places of distribution for some days." A donation from the EEC is expected with 3,500 metric tons of rice and 1,500 metric tons of cooking oil, the latter enough to supply the country for 2 months. [EL NUEVO DIARIO 23 December 87 p 12]

Drought Effects, Statistics—According to Reinaldo Antonio Tefel, head of INSSBI (Nicaraguan Institute of Social Security and Welfare), 530,000 peasants have been "directly affected" by the drought. This includes 230,000 in region 1; 60,000 in region 2; 20,000 in region 3; 20,000 in region 4; 150,000 in region 5; and 50,000 in region 6. A total of 20,000 manzanas planted with beans and corn have been lost, and farm cooperatives report losses of 200,000 quintals of beans and 100,000 quintals of corn. It was reported that region 6 has been left without basic grains due to the drought. [BARRICADA 23 Dec 87 p 2; Managua Domestic Service 0300 GMT 18 Dec 87]

Land Reform Enters New Phase—The basic transformation in the countryside has been "completed" claimed Alonso Porras, general director of land reform. The land reform program has entered a "phase of consolidation of accomplishments", with private holdings affected only "as a last resort." Only 22 percent of the land distributed in 1987 belonged to private producers, according to Porras. The state owned 22 percent of all lands in 1985, but only 13 percent in 1987. During this year 178,042 manzanas were distributed to 9,300 peasant families. Land distribution totals since 1979 are: 1,268,000 manzanas to 112,000 families, of which 40,000 were squatters given the land they worked outright. [EL NUEVO DIARIO 18 Dec 87 p 16]

Mass Organizations Denounce Israel—The heads of six Sandinist mass organizations sent a message to the Executive Committee of the PLO [Palestine Liberation Organization], supporting that organization, calling for an international peace conference on the Middle East, and condemning recent actions by Israel. [BARRICADA 22 Dec 87 p 2]

USSR Graduates' Association—An "Association of Nicaraguans Graduated in USSR" was formed 19 December in Managua. This "shows the willingness of graduates to strengthen the solidarity between Nicaragua and the USSR," stated member Gloria Rizo Centeno. [BARRICADA 22 Dec 87 p 2]

Serum Enterprise Opens—ENISUERO, the Nicaraguan Serum Enterprise, began production 15 December. It is expected to produce 3 million liters of serum, which will cover yearly national consumption and leave 600,000 for export, saving the country \$2.4 million presently spent on serum imports. A \$2 million dollar line of credit by the French Government made construction of the enterprise possible. Personnel has been trained by French technicians, both in Nicaragua and in France. [BARRI-CADA 16 Dec 87 p 2]

'Pardoned' LA PRENSA Accused of Following Reagan Line

32480043a Managua LA PRENSA in Spanish
4 Dec 87 p 3

[Editorial: "Echoes of the Reagan Plan in the Pardoned Newspaper"]

[Text] We pointed out yesterday that nothing is more fatal to the hopes for peace than the ideological fanaticism on which the Reagan policy is based, because it leads to an unusual version of reality in which the facts are turned upside down by obsessions or mirages.

The United States counterproposal on the cease-fire offered by the top echelon of the mercenaries shows as much. Only a disoriented Pentagon strategist in the thrall of Reagan metaphysics could imagine that a group of routed mercenaries could allegedly control 68,500 kilometers of our national territory. This alone explains how they can see a "triumph" where there is defeat, "strength" where there is weakness, "an offensive" where there is flight. This is what is called "wishful thinking" in English, the sort of chimera that, as we can see, only a policy doomed to failure can create.

This way of thinking and portraying things has been introduced into the country by a mass medium that since May 1980, with the help of advisers from the IAPA [Inter-American Press Association] and the National Endowment for Democracy (both linked to the CIA), has been the spokesman for the interests of the Reagan administration in Nicaragua. Since then it has pursued an antirevolutionary and openly pro-American editorial policy, playing the purported role of the local "organizational brains" of the mercenaries and the scattered "civic right wing." Thus, its language is representative and all-embracing, albeit not its own, because it is merely an echo of "His Master's Voice," like the RCA logo.

When the Nicaraguan Government ordered the newspaper in question shut down indefinitely after the U.S. Congress approved \$100 million for the counterrevolution, it was not administering a "definitive blow" to freedom of the press; it was putting an end to the "freedom" of that paper to continuing being the mouthpiece of the aggressor power.

Thus, what was being shut down in Nicaragua was not an "independent" newspaper, but a paper that was financially, politically, ideologically and morally dependent on the Reagan administration. The "freedom" that was being suspended was not freedom of information or of the press; it was the freedom for the Reagan administration, after escalating and formally declaring war on Nicaragua, to have one more destabilizing tool in the country.

The paper did more than supply arguments for the debate on the \$100 million in Congress. It also systematically concealed all gains by the revolution; provided slanted coverage of military and economic activities; fomented discontent and projected an image of chaos; promoted shortages; reprinted information from the U.S. Embassy word for word; gleefully reported the triumphs of the Reagan administration in its lobbying for funds for the contras; did not report on the counter-revolutionary actions that have adversely affected the lives and the development of the Nicaraguan people, claiming thousands of victims, etc.

Because of its complicity, as proven time and again by its own writings, the plug was pulled on the United States' "rag." Now that the military victories of the people have strategically defeated Reagan's military tool, creating chances for peace not only in Nicaragua but in the rest of the isthmus as well, what this paper says or fails to say, or rather, what it dreams up, fades into the background, because reality is and will be much stronger than any words.

It is precisely because reality shows that the people of Nicaragua are marching forward at a victor's pace that we can afford the luxury of being both generous and implacable in combat. Therefore, as part of the entire package aimed at allowing peace to finally break out, the newspaper of the Reagan administration has also been "pardoned" along with the rest of the beneficiaries of amnesty.

The above does not mean, of course, that they have "laid down their arms" ideologically, because in the final accounting it is the only bastion that the Reagan administration controls in Nicaragua, as this business about 68,000 kilometers is just a pipe dream.

From this controlled position right in the heart of Managua we can thus hear the echoes of the Reagan Plan and we could even read in advance through its editorials the famous counterproposal that they have conveyed to Nicaragua through the mercenaries as their intermediaries.

Compare the comments of the pardoned newspaper with the Reagan Plan and the counterproposal of the [contra] top echelon. They are like two peas in a pod. Their language has an "Orwellian" tint to it, interpreting reality in reverse, as words are not what they mean, and

fanaticism clouds reason, law and decency. It thus clamors for a "General Amnesty" so that the pardon granted to the newspaper will extend to some of the self-proclaimed defenders of "liberty" (there is a shortage of "cadres") who left the paper and became overt militants in the mercenary groups; they would thus be able to return without having to lay down their arms (for example, Oscar Leonardo Montalvan, spokesman of the FDN [Nicaraguan Democratic Force]; Humberto Belli, who is on the payroll of the CIA's Institute for Religion and Democracy; Adriano Guillen, a public relations man for MISURA, etc).

Many foreign observers, who have nothing at all to do with the Sandinist Revolution, cannot help but be surprised at the totally uncritical attitude that this paper, which calls itself "nationalist" and "in service to all

Nicaraguans," has taken towards the Reagan administration's policy against Nicaragua. While the administration is openly criticized in the United States itself from time to time by papers such as THE NEW YORK TIMES or THE WASHINGTON POST (which in the final accounting, like all major bourgeois papers, are nevertheless good ones), in Managua it finds only apologies and unlimited space for its slander and interests.

All indications are that the pardoned newspaper has once and for all given up the chance to become a national opposition paper and remains an instrument in service to a foreign power. If not, just look at the sort of opposition it engages in and what interests it defends.

8743

Barrantes' Role in Revitalizing United Left Viewed

33480042 Lima EQUIS X in Spanish
23 Nov 87 pp 6, 8, 10

[Text]

United Left or Divided Left?

"Frejolito's" [Alfonso Barrantes'] task is to achieve the democratization of United Left (IU) by doing away with the party kingpins that are dividing, manipulating and coopting the masses.

When we met him a good many years ago as a leader of Aprista Youth and president of the University Federation, neither he nor we imagined that over time he would come to be the most prominent figure of the non-Aprista Left. Now then, late this month Alfonso Barrantes turns 60, a mellow and important age in life. In this regard we recall the somewhat controversial but nonetheless valuable assessment of the great French writer and politician Andre Malraux: "One is worth nothing until one reaches the age of 60." And in Europe at least, it seems to be the truth. The increase in life span and active years in the countries on the Old Continent has turned veteran leaders into great and brilliant statesmen, such as Churchill, Adenauer or De Gaulle, to mention only a few world luminaries. Moreover, Barrantes, like a good native of the Andes, is very well preserved, as neither his face nor body shows the years or hardships he has lived. And he always retains the simplicity and good-fellowship that have won him so many friends throughout his life, among whom we are proud to number ourselves.

After taking part in the ceremonies commemorating the 70th anniversary of the Russian Revolution on an invitation from the Central Committee of the Communist Party of the Soviet Union, Barrantes traveled to Cuba for a medical checkup and a stay on the island, as the guest of Fidel Castro. He may spend his birthday there, far from the "madding crowd," unless something important demands his presence here.

The Situation in IU

It is public knowledge that since "Frejolito" stepped down as president of United Left, the political group has lacked the real ability to rally the masses, thus paradoxically evincing its lack of unity. It is a secret to no one that the masses have not shown up at the public rallies that the IU has staged on several recent occasions, even in the wake of the problem prompted by the nationalization of the financial system.

It is also no secret that there have been frequent conflicts and squabbles inside the group between the leaderships of the various parties that make it up, owing both to differences over the political line, strategy and tactics to pursue and to the personal ambitions of their respective leaders.

In Barrantes' absence, IU gives the impression of being adrift, and its leadership personnel seem to agree only to compete in criticizing the administration. This attitude is especially noticeable in the PUM [Mariateguist Unified Party] and the UNIR [National Union of the Revolutionary Left], which are constantly under siege by peripheral forces such as the UDP [Popular Democratic Union] (the go-between of the "Tupac Amarus"). At work in them are growing centrifugal tendencies which have taken seriously the verbal radicalism that Javier Diez Canseco and Jorge Hurtado revel in and which want to put it into practice right away, even at the cost of breaking organizationally with their parent groups.

As is well known, one side effect of these conflicts and squabbles is inconsistency in the group leadership of IU; they also create a free-for-all among the "big three" (PUM, UNIR and the PCP) as they vie for supremacy and leadership of the leftist front. During the last expanded meeting of the National Steering Committee these three staged a series of maneuvers aimed at garnering as many delegates as they could, all of them to the detriment of the independents, whose "delegates" were also handpicked for them, at least at the national level. For this reason leaders like Edmundo Murrugarra and Jose Luis Alvarado refrained from attending.

Furthermore, the feuds show no sign of abating; on the contrary, they are heating up, because now each of the "big three" is resorting to a hundredfold more maneuvers to ultimately win control of the IU national congress. The reason is that rank and file pressure forced them to approve the principle of "one activist, one vote," and under such conditions it will be much harder for them to get their way. This is especially true because the overwhelming majority of followers do not belong to any political party and base their support on their fondness for "Frejolito," whom they identify with IU according to the most recent and reliable opinion polls. This stands to reason, because the core groups of "radicalized" and "infantile" members have practically all abandoned IU and are drawing near to the subversive groups, if they have not already joined them, at least as sympathizers.

Looking Toward 1989

All of these circumstances will converge, the desires of party leaders to the contrary notwithstanding, so that Alfonso Barrantes eventually returns triumphant to the IU leadership and becomes its most likely candidate for mayor of Lima. The trend is already moving strongly in this direction and is becoming predominant among the rank and file of the leftwing group. The feeling is that "Frejolito" did a very good job in the difficult post of Lima burgomaster and that his chances of securing another term would be very good in 1989. Thus, IU must under no circumstances waste the opportunity that it

would be given in that case to revive its drooping laurels in the country's most populous electoral district and to use this magnificent springboard with a view toward the 1990 general election.

For all these reasons the idea that the party leaders who oppose Barrantes have been pushing is absurd; they want to pit the popular mayor of Villa El Salvador, Miguel Azcueta against him in the primaries. No one denies the prestige that the latter has earned as a result of his efficient job in the "self-managed city," which has received the "Prince of Asturias" prize for its exemplary status as a dynamic community marked by solidarity. But no one, including Azcueta himself, disagrees either with the view that it would be mean-spirited, and even electorally disadvantageous, to replace a national leader like Barrantes with a man who has less stature and influence, like Azcueta, in spite of the latter's obvious personal merit as a Spanish-born leader who has taken up residence in our country.

In this regard, there is agreement among the IU rank and file that the idea will not prosper and that Azcueta himself will reject the incitements to compete with "Frejolito" if he, as is likely, decides to run for mayor of Lima in 1989. Azcueta will, instead, have a preferential place on the list that Barrantes heads.

Other Maneuvers

All indications also are that the former capital city burgomaster will ignore other siren songs and maneuvers aimed at leading him into the right wing's trap to divide the masses and then enjoy good fishing in troubled waters. We are referring to the proposal drafted inside Popular Action, under which this conservative group would lean toward support for a "Frejolito" presidential candidacy and vouch for him in the circles that fear his "communist orientation." The purpose of all this would be to cause confusion in leftist ranks and extend and bolster reactionary anti-APRA sentiment. Such support (or the mere announcement of it) would obviously be based on an anti-APRA front that former President Belaunde is interested in promoting, with himself in the forefront, thus displacing his rival in the rightist camp, Bedoya Reyes the "Toucan."

But Alfonso Barrantes has too much "class" and identifies too thoroughly with social change to fall into such crude traps. Without forsaking his position as a leftwing opponent, he realizes perfectly well the need to shore up President Alan Garcia to prevent the democratic system from weakening and being left at the mercy of those who place their material interests above the common good and who therefore do not hesitate to risk the system's future as long as they get their way.

The good sense of the Peruvian people will without any doubt whatsoever help "Frejolito" in his determination to democratize IU and give it a suitable structure, so that the party kingpins stop their manipulating and even their

coopting of the masses. In this way, the leftist group can truly work together in the task of overcoming the difficult situation through which the country is passing, amid the international crisis that has intensified in world power centers.

8743

Lima Magazines View APRA Party Difficulties

Party Crisis Seen

33480041 Lima OIGA in Spanish 23 Nov 87 pp 20-22

[Article by Pablo Pinedo: "Portrait of a Party in Crisis"]

[Text] Prepared to do battle on all fronts and to demand an eye for an eye and a tooth for a tooth as a smoke screen against the repeated charges of unethical conduct that the opposition is leveling at its leaders, the Aprista Party is making ready to revive the accusations of unethical conduct or corruption that previous administrations were supposedly guilty of, by publicizing the rulings of the congressional investigating committees and putting forth for debate the reports that they have concluded. This was one of the resolutions that the National Executive Committee (CEN) of APRA [American Popular Revolutionary Alliance] adopted at its meeting on Monday the 16th, which was regarded as one of the most important that the ruling party has held recently.

To this end the CEN will invite the officers of the CPA [Aprista Parliamentary Bloc], Ramiro Priale And Luis Avila, the presidents of the two chambers, and the lawmakers who were on the Investigating Committees, to evaluate the work done and to propose new strategies.

"Consummate Discipline"

Another resolution of the Aprista CEN is aimed at neutralizing the outbreaks of rebellion by certain youth sectors that have staged protests over public corruption in major cities like Chimbote, Chiclayo, Huanuco and Ica. Thus, implacable Aprista discipline was also a major issue at the meeting. In this regard, the CEN resolved to inform the party's president, Alan Garcia, the Parliamentary Bloc and the Political Committee of the resolutions of the National Council of Discipline regarding the expulsion of Apristas who "hold political posts," resolutions that have the approval of the CEN itself.

Such expulsion resolutions clearly refer to lawmakers Jorge Torres Vallejo and Alfredo Barnechea. The former worsened his situation in APRA by promoting inside the CPA an opinion movement supporting an investigation into irregularities in the procurement of real estate by President Garcia. Barnechea has been on leave from Congress without pay for quite some time.

"In the wake of the CEN's consensus opinion regarding their compliance, the ratification provided for in the bylaws was left pending the above," says the resolution of the high-level PAP [Aprista Party of Peru] body, thus clearly indicating that Torres Vallejo and Barnechea are walking a tightrope and that their removal from the PAP is hanging from a thread.

Actually, had it not been for Carlos Roca, who at the CEN meeting asked that Torres Vallejo and Barnechea be given the opportunity to be heard, the two legislators would have already been expelled. Roca's stand surprised many members of the CEN, inasmuch as he and Vitaliano Gallardo had become frenzied advocates of expelling them. Gallardo has recently been taken down a peg owing to the revelations about the salary that he makes (said to be 65,000 intis a month) at a public enterprise of which he is an executive.

Prisons, Subversion, and Unions

The ruling party is not leaving any loose ends. And to counteract the inevitable political repercussions of the report on the prisons, the CEN will today set a final position on the matter after hearing Deputy Humberto Arenas, a member of the commission. He will explain in detail how the work of the Ames Commission unfolded and the positions that opposition members on it hold.

It has been learned that Aprista lawmakers will not approve the sections of the final report having to do with the evaluation of the events and the determination of political responsibilities in this affair, which remains a headache for APRA.

Another main CEN decision was to appoint a committee, chaired by Romulo Leon, to "update the studies on subversive violence and its methods." This shows that APRA still has no clear idea of where it stands, much less of a strategy to pursue in effectively combating the Shining Path and Tupac Amaru guerrillas. It also suggests that for the time being the Aprista Party does not regard subversion as the country's number one problem.

In another vein, all indications seem to be that APRA is gradually becoming aware of extremist penetration in the unions affiliated with the CGTP [General Confederation of Peruvian Workers], the labor confederation of the Peruvian Communist Party, which has recently had to radicalize its stand towards the administration to halt the advance of leftwing extremism among its ranks.

Aware of this development (it can build bridges to the current CGTP through Alfonso Barrantes, but not to a CGTP dominated by highly radicalized labor leaders), the CEN has called a "Meeting of Aprista Union Leaders" with "real" posts in organized labor for this January.

APRA is thus seeking to reactivate its union rank and file, leaving Julio Cruzado aside, through which it would be giving indirect support to the communist confederation to halt the gradual infiltration of the extremist unions into it.

But the PAP proposes and circumstances dispose. The internal squabbling in Haya de la Torre's old party intensified last week, and the Alan-Alva battle was waged on two fronts: in the press and in Congress.

Congress: Alan vs Alva

The gains of the "Alvista" faction led President Garcia to convoke the Political Committee of the PAP, where the old guard has major influence, for the first time since 13 April 1985, the day after his victory at the polls.

The meeting took place at the Government Palace on Thursday. Now that the "Alanista" faction has been defeated in Congress, Garcia is trying to control the Parliamentary Bloc through the Political Committee and through the presidency of the bloc, which has been placed in the hands of Luis Alvarado Contreras, a disciplined activist who is more obedient to presidential than to party orders.

Therefore, significant things were done by each side. On Tuesday the 17th, after a heated discussion and a recommendation from the Government Palace, former independent Deputy Hector Marisca, who arrived in Congress allied with the PPC [Popular Christian Party], was brought into the bloc.

Opposition to his inclusion was led by Deputy Oscar Morales Vega, who felt that he was "alien" to PAP principles. Nevertheless, the majority (70 percent) regarded him as a good "drawing card" who will help APRA in the technical discussions.

But the "Alvista" faction is not backing down. By majority decision, the bloc resolved once and for all that at each major discussion of bills the ministers will attend the committee meetings and the debates on the floor to set forth and defend APRA's views on the subject matter of each bill.

President Garcia has expressed his disagreement with this resolution, inasmuch as it upsets him to see his people roughed up by the opposition. In compliance with this resolution, last week Minister Gustavo Saberbein had to appear before the Chamber of Deputies right after arriving in Lima from his trip to the United States and France. The Aprista bloc gave him a cold, almost indifferent reception at the full session.

But the repercussions go beyond appearances. According to the Aprista legislators, the ministers and high-level government officials have for the first time during this administration been more obliging and ready to meet

their requests. "Enrique Cornejo now talks to me; when he was the president's secretary, he never even said hello," an Aprista deputy remarked sarcastically.

And if Saberbein had to put up with the indifference of the lawmakers, Energy and Mines Minister Abel Salinas is having to withstand an assault by the Hydrocarbons Committee of the Chamber of Deputies. The committee has summoned him to explain the new oil-related legislation, and his reluctance to appear before Congress has brought the debate in the Chamber of Deputies to a standstill, which mortifies the chief executive.

The chairman of the Hydrocarbons Committee, Jose Carrasco Tavera, smarting from the mistreatment that he received from President Garcia for having again brought up the issue of presidential reelection ("He asked me to," Carrasco now says), is standing firm and contends that Salinas will have to appear before the committee anyway.

But Salinas is not just a confidant of Alan; he is also a candidate for secretary general of PAP, a post for which he will vie next year with a nominee from the "Alvista" faction.

And the turmoil does not stop there. Last Thursday another storm was unleashed in the bloc when Deputies Hector Vargas Haya, Freddy Ghilardy and Luis Ibazeta resigned from the posts to which they had been appointed.

Vargas Haya resigned as chairman of the Fisheries Committee because the bloc approved the participation of the fishermen's leaders, who are regarded as communists, in formulating proposals for the final wording of the Fisheries Law.

Ghilardy and Ibazeta did likewise because Walter Cuestas, who chaired the session last Wednesday, did not accept for debate a motion backed by Fernando Leon de Vivero to set up a commission to investigate irregularities in auctioning off the assets of the BIC and Bancoper banks.

The Fourth Estate

The press was also part of the "Alanista" maneuvers. Last Tuesday President Garcia reportedly acquired a large block of shares in the newspaper LA REPUBLICA through front men who reportedly included direct relatives of Deputy Wilbert Bendezu, who is also a personal friend of Garcia.

To bolster his influence in the paper HOY and the magazine VISION, he also reportedly ordered the infusion of heavy government advertising in these publications, which are not that financially stable.

The president is thus endeavoring to balance out the influence that "Alvismo" has in them. Concurrently and for the same purpose, he is putting pressure on Bedoya Velez in EL NACIONAL.

So this is how things stand in the ruling party amid the assault by terrorist violence and the rising inflationary spiral.

Members Disciplined, Expulsions Expected

33480041 Lima CARETAS in Spanish
23 Nov 87 pp 20, 70

[Text] Monday the 16th was fatal for controversial Aprista Senator Jorge Torres Vallejo. That day, President Alan Garcia was meeting with Luis Negreiros and other members of the CEN. Without further ado but with a stern look on his face, he handed the surprised secretary general the previous issue of CARETAS, saying only: "The CEN has to decide this." He was talking about the interview with the controversial senator from Trujillo.

Negreiros, who as secretary general is also chairman of the CEN, immediately called together the few committee members who were present: Carlos Roca, Cesar Florez Barreto, Vitaliano Gallardo, Romulo Leon Alegria, Fernando Arias, Nicanor Asmat, Diego Vicuna and Ernesto Tafat. The decision was quick and unanimous: to remove Torres Vallejo from the party, while the national secretary of discipline, Vitaliano Gallardo, was left in charge of completing the expulsion process in the full CEN.

The decision to expel the Trujillo senator has prompted some resistance. The reported solution, which has been bandied about for some time, would be to also oust Ica Senator Alfredo Barnechea, who has been branded right-wing and accused of receiving funds from U.S. agencies.

They will reportedly not be the only ones to fall. Alberto Kitazono, the current national organizational secretary, will presumably accompany the lawmakers on their way out the door.

All of this would be made official at a Special Congress announced by Negreiros for the first half of January, at which there would be a partial restructuring of leadership personnel.

Other individuals who are reportedly to be challenged are the chairman of the Board of Directors of SEDAPAL, Ernesto Amans Paz, who has so far held but not discharged the post of national publicity secretary; Cristina Quiroz, the coordinator of PAP's Internal Control System; and Victor Legua, the current national secretary of the interior, who is famous for the zeal with which he does his job. So zealous is he, in fact, that during his trip to Huancavelica last week he locked his

offices, leaving the party out of touch with the rest of the country. It so happens that in his office Legua keeps the telex machines that keep the party in contact with its provincial rank and file.

The degree to which relations between Negreiros and Kitazono have become strained was made evident last Friday at a meeting called by the organizational secretariat that the Oriental heads. The two leaders did not greet or say a word to each other all night, as the 300 Apristas and several newsmen present witnessed.

Before the meeting started, Kitazono ordered the newsmen removed "to prevent misunderstandings or distortions." He apparently assumed that something serious was going to happen, and he was right.

Taking the floor at the start of closed-door meeting, the Callao native said that he was glad to be meeting finally, after more than 2 years, with all of the Lima rank and file organizational leaders.

He had scored a direct hit, but it was only the beginning. The national organizational secretary has not lived up to the mandate he received, because he has not organized or participated in party activities, he added.

Last weekend, he cited as an example, two major events were held at PAP facilities: the First Convention of Mayors and Aldermen, and the Youth Training Seminar, and secretary Kitazono attended neither.

Moreover, the Organizational Secretariat was given the mission to reorganize and bring up to date the PAP party structure 7 months ago, but it has achieved no known results. "The experience of government has not yet been developed by our organization, but now that we are finally gathered together, let us work to organize ourselves more and better. Let us not forget that without organization there is no revolution and Aprismo would not exist," Negreiros indicated.

Party Reorganization Described

33480041 Lima EQUIS X in Spanish
23 Nov 87 pp 12-13

[Text] A restructuring of APRA's organizational apparatus is under way, the party's secretary general, Luis Negreiros Criado, has stated. Its purpose is to adapt Aprismo's organizational personnel to the administration's needs and the needs involved in carrying out the national revolution, he added. He also explained that the adaptation work would be done on the basis of the suggestions and ideas offered by party activists themselves, which will be conveyed to and discussed at the organizational conventions that are being held in every department in the country, under the responsibility of the national organizational secretary, Alberto Kitazono.

The most important of these conventions was held last weekend, on the 20th, 21st and 22nd, and was attended by all of the general and organizational secretaries of Metropolitan Lima. The event was entitled "Victor Raul Haya de la Torre."

The Metropolitan Lima organizational convention, which brought together some 1,500 delegates, opened at 2030 hours on Friday the 20th in the Main Hall of Alfonso Ugarte. President Alan Garcia was originally scheduled to attend the opening ceremony, but the chief of state was unable to come because he was holding an important meeting in the palace in connection with his upcoming trip to Mexico. Therefore, Secretary General Luis Negreiros declared the event in session. Also speaking was Alberto Kitazono, who explained the significance of the meeting to those in attendance and underscored the importance of organization in a party whose goal is to transform the country.

It has become obvious to many Aprista leaders that APRA, which was persecuted for many years and spent just as many in unsuccessful electoral struggles, has not had the opportunity to reconcile its organizational apparatus with the demands of running the country. Hence, it has had to suffer internally the consequences of coping with the tasks of government since 1985.

It is true that especially since Luis Negreiros Criado became secretary general, the Aprista Party has been adapting its personnel to its new responsibilities gradually and along the way, but it still needs to put together an organizational model based on the experience of the last 2 and 1/2 years.

According to the coordinators of the Metropolitan Lima organizational convention, there are three objectives to the current restructuring:

1. Raise the level of activism and political education, bearing in mind that the party must be active not only during election campaigns but at all times, because the "task is not just to take part in elections but to carry out a revolution."
2. Turn the APRA organizational apparatus into a center for political and grassroots activism and an engine for grassroots mobilization that is open to all segments of the country's exploited classes.
3. Turn the Aprista Party into a mainstay for administration action, by developing trained and effective personnel and by contributing to the process of moralizing the country. In this regard, the feeling is that APRA should eventually become the number one watchdog of the administration's efforts.

Aside from organizational work itself, the Metropolitan Lima Organizational Convention was the scene of detailed explanations of the functions and workings of the government by ministers and officers of the main

public enterprises. On Saturday, for example, the ministers of education, health, housing and transportation and communications addressed the body. Also speaking were the presidents of the IPSS [Peruvian Institute of Social Security], of SEDAPAL, of ENATRU [National Urban Transport Enterprise], and of the Peruvian Telephone Company, as well as the mayor of Lima. Appearing on Sunday were the ministers of agriculture, energy and mines, labor, the interior and the presidency. Also expressing their views were the presidents of the ENCI [National Enterprise for Industrial Marketing], ECASA [Rice Marketing Enterprise], ONAA [National Office for Food Support], INABEC, CONCYTEC [National Science and Technology Council], and INFOM, as well as the prefect of Lima.

But the convention's most important work centered on the four discussion and drafting commissions, which dealt with the following areas: 1. Political issues, 2. Organizing committees, 3. Municipal development, and 4. Projects and initiatives.

Heated debate was said to have taken place in the organizing and projects and initiatives committees, because they took stock of the work done inside the Aprista Party and formulated the proposals for an organizational restructuring.

One of the topics that reportedly aroused the attention of the delegates had to do with how to respond to the wave of subversion that the country is experiencing, bearing in mind that APRA has true grassroots support and, at the same time, is essentially democratic.

The preparations for and running of the Metropolitan Lima Organizational Convention were simultaneously handled by a commission chaired by Alberto Kitazono and consisting, among others, of Jose Gordillo, Migdonio Bellota and Carlos Pacheco.

As we said at the outset, along with the Metropolitan Lima Organizational Convention, similar events have been held throughout the country. For example, the week before last conventions were held in Arequipa and Tarapoto, and in the next few days they are supposed to be staged in Chiclayo and Trujillo.

The guiding ideas for the APRA organizational overhaul were said to have come from President Alan Garcia last week during a lengthy dialogue between the chief of state and Alberto Kitazono.

We should not forget that for quite some time Alan Garcia was APRA's national organizational secretary and that he therefore has major experience in this regard.

Moreover, in recent months, following the instructions of President Garcia, Secretary General Luis Negreiros has been establishing a series of new organizations that are already shaping the new APRA internal structure. These groups are concerned with Aprista youth, coordination with the various government bodies, attention to the various social sectors, and creativity.

Naturally the new APRA organization can be approved officially only by a congress. Therefore, we were told, the purpose of these conventions is to help put together a model that will serve as the basis for the deliberations of the next APRA National Congress. We were also told that the ideological updating of Aprismo that has fallen to President Alan Garcia must be accompanied by a new organizational look, as a greater opening to the outside is complemented by heightened activism within the party, because, we were told again, APRA will not abandon its goal of carrying out a great transformation in Peru, a socialist and democratic revolution.

Fernandez' Candidacy Reportedly Gaining Strength

33480047b Caracas EL UNIVERSAL in Spanish
18 Dec 87 pp 1-4

[Commentary by Ramon Guillermo Aveledo: "The Campaign That Will Be"]

[Text] The selection of the presidential candidates and the start of the electoral debate, in this current, peculiar stage, which is neither an internal campaign nor a national election campaign, are painting a picture an analysis of whose features will enable us to anticipate future developments.

The two names between which voters will choose the future president of Venezuela are clear. The contest will be between Eduardo Fernandez (The Tiger) and Carlos Andres Perez; no one seriously has the slightest doubt about it. All indications are that we will see an impressive polarization in 1988, as shown by the unprecedented figures of the polls at this juncture. If right now, with the balloting 1 year away, the AD and COPEI candidates account for more than 80 percent of the expected vote, it is a reasonable assumption that, as always, they will siphon off even more votes from among those who at this early stage are inclined to cast their ballot for one of the candidates who aspire to become a third choice.

It is precisely for this third spot that the competition is extremely heated. Battling for it from the Left are Teodoro Petkoff, on behalf of the MAS-MIR [Movement Toward Socialism-Movement of the Revolutionary Left] merger, and Edmundo Chirinos carrying the colors of the MEP [People's Electoral Movement] and, they say, the PCV [Communist Party of Venezuela] and the so-called Independent Moral Movement, which was his initial sponsor. In this area, especially in regions like Guayana, we cannot underestimate the potential of Andres Velasquez, the labor leader and nominee of the Causa R. Waging the battle from the Center to be the third option are Drs Jorge Olavarria and Ismenia de Villalba, the latter a particularly appealing candidate, and the former president of the Central Bank, Leopoldo Diaz Bruzual.

A certain parallel could be drawn with the phenomenon of the 1973 elections, when it was so widely assumed that there was room for a Perez-Jimenez-style alternative that several attempted it, believing that success was within their grasp. But neither Tinoco nor Salas Castillo nor Gomez Silva nor Verde Rojas, to mention just the ones I can now recall, fulfilled their mission.

The outcome this coming December will be strongly bipolar. Given the known facts, anyone who predicts otherwise is just kidding himself.

In connection with this fact, it is worthwhile observing the start-up by the two candidates with winning chances, now that their two parties have officially nominated them.

Perez' campaign is starting out cold and walking in circles. The ruling party's men seem too concerned about its internal strains. The bills that have been handed out for collection in organized labor and the National Executive Committee and the ones that are expected in the sections (which are very near at hand for those of us who read the regional press) are a symptom, if not the cause, of a delicate, unresolved situation. The candidate leaves the country without being able to put an end to attempts at revenge. The initial cockiness has faded away. The man in the street is not talking about CAP. He is a marked card, as an image and as a program. He is a known quantity. Additionally, far from improving, the party-administration relationship is bogging down. Extrapolitical circumstances that nevertheless have political impact are undermining it.

AD knows that this is the case. Penalver said so in his remarks on the eve of his ouster, and Celli said as much in his message to the National Steering Committee. AD has a conservative, tired and bored look; its candidate simply has no look at all.

The Tiger, in contrast, emerged strengthened from the Poliedro and with a momentum that everyone acknowledges. His party shows signs of unity and a fighting spirit. He has not lapsed into provocations. He asserts that he has no accounts to settle and proceeds accordingly. Eduardo Fernandez' feline campaign has an air of enthusiasm, joy and optimism to it. People are talking about the idea of change and the proposal of a New Democracy. People are curious what this is about, voice opinions, inquire and comment. The dinners celebrating the triumph of Wednesday the 9th were a resounding success. The rockets that exploded over the country's skies heralded a national mood and a determination to struggle. No one is settling here for a known evil.

The confusion of the Perez people can be seen in everything they do. Whether it is the untimely and impertinent statement by the minister-secretary or the strange meeting in Caracas of the Socialist International, at which AD hosted a Nicaraguan Sandinist commander and the leaders of the FDR [Revolutionary Democratic Front], the political arm of the Salvadoran guerrillas. Each step that Eduardo Fernandez has taken has reflected clarity, from the formation and announcement of his campaign command to his unequivocal pronouncements on the electoral and municipal reforms and the new model of economic development.

Clearly, the election campaign is gradually showing what it will be like.

FEDECAMARAS President on Currency Devaluation, Inflation

33480048c Caracas EL DIARIO DE CARACAS
in Spanish 10 Dec 87 p 14

[Text] "The productive apparatus must not be subjected to the traumatic effects of measures like the two macro-devaluations we have already undergone, which alter the gradual adjustment of economic variables and drive up the prices of the factors of production. These added costs cannot be absorbed by the productive system in an incremental and tolerable fashion, and therefore the social and economic effects are negative."

This statement was made by Hugo Fonseca Viso, president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry (FEDECAMARAS), in his end-of-year message to the country. He took this opportunity to reiterate a few ideas about which policies and attitudes should guide the country during the coming year.

He pointed out that during the Christmas celebrations, which are a time of peace and hope as the year draws to a close, "we have an opportunity and a duty to spend time serenely and carefully reflecting and formulating proposals that should occupy, but not disturb, our thoughts and our actions as individuals, as families, and as a country. Thus, we should comment firmly and confidently on the tasks that await us during these difficult times."

The president of FEDECAMARAS also declared that businessmen have been insisting on the need to place greater emphasis on concepts and values that can make the economy grow, and therefore achieve the greatest possible social development and wellbeing for the entire population. "Basically it is a matter of promoting and stimulating more participation and contributions by each and every Venezuelan, making use of free initiative." He noted once again that it is not controls and interventionist statism that enable a country to progress, but rather creativity and effort, backed by freedom of action. This is demonstrated concretely by the societies that enjoy the greatest prosperity today.

In his message, which contains nothing new and indeed represents a repetition of the ideas outlined during his campaign for office and his term as president of the top business organization, Fonseca Viso stressed that labor, savings, investment, and production are the levers of development, "which we must apply particularly in the most promising areas of our economy, exports and tourism."

Conquer Inflation

Like all other Venezuelans, Fonseca Viso has come to the conclusion that an inflationary process is bearing down on Venezuela, impoverishing everyone and decapitalizing the country. In his view, inflation means poverty,

and on this point he emphasized, "We must conquer it!" (inflation). He feels that the way to do that is to pursue good management, more productivity, good legislation, and understanding, sacrifice and cooperation on the part of everyone.

He also believes that the great challenge to be dealt with is that of managing the country. "For this reason, we insist on the need to accelerate and obtain concrete results from the plan to restore and salvage public assets, which are now frozen in hundreds of enterprises that are paralyzed or hemorrhaging. It is a question of salvaging billions of bolivares and putting that money where it can yield positive benefits, given that it belongs to everyone."

He emphasized that the important thing now is to boost production and improve productivity as the only way to achieve an abundance of goods and services and reasonable prices, and to do away with shortages, hoarding, and speculation.

Appeal to Politicians

Considering that 1988 will be an election year, the president of FEDECAMARAS issued an appeal to the political forces, their leaders, the presidential candidates, and their campaign officials to make the electoral process an exemplary one in tone, form, and content, in word and in deed. "Let it be an occasion for the country to make choices and seize opportunities, to compare ideas and concepts, to debate ideologies and economic policies, rather than just pit short-term, single-issue pragmatisms against each other."

He went on to state that the electoral process is also the ideal means for analyzing major national issues, on which the main political forces should reach agreement. "We propose to be a key factor in this initiative, on which the country's future urgently depends." He noted that business and labor have already proven their ability to cooperate.

In the opinion of Hugo Fonseca Viso, the economy still lacks a clear framework that will allow it to undertake a real growth process based on medium- and long-term investments, without mistrust, hindrances, or frustrating red tape.

He added that the business sector, despite the limitations he mentioned, has demonstrated its capacity to respond to pressing needs, generating goods and services that formerly had to be imported. This has had a positive influence on employment levels, he remarked.

Fonseca believes that cutting red tape and providing incentives should be two essential postulates of economic policy, as should stable, ongoing, and consistent efforts by the government and the political parties. He did not, however, say what businessmen would do to improve the economy.

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Finance Minister on 1988 Budget Deficit, Interest Rate

33480048b Caracas EL UNIVERSAL in Spanish
17 Dec 87 p 1-13

[Text] The budget deficit for 1988 will be significantly less than in 1987, falling to an estimated 18 billion bolivares, reported Finance Minister Hector Hurtado to the Chamber of Deputies Finance Committee yesterday.

Hurtado appeared before the parliamentary committee to respond to the concerns expressed by the opposition, primarily, with respect to the revenues projected in the draft budget for 1988.

As is known, the draft budget for 1988, which amounts to 186.301 billion bolivares, envisions a "conservatively" estimated oil income based on an average realized price of \$16.70 per barrel for Venezuelan petroleum, according to Finance.

But in fact, Venezuelan oil is being sold at \$16.40 per barrel on the average, and some well-placed sources predict a further drop in the price of futures purchases because of the summer season in the northern hemisphere.

In this regard, Minister Hector Hurtado reiterated to the committee members that the calculations of Venezuelan oil revenues are conservative, and that the instability of the international petroleum market makes more precise estimates impossible.

He pointed out, however, that the same variables that appear to be driving prices down at this time could drive them up again at the least expected moment.

In any case, he indicated, if prices fall, the government would have to face three alternatives: boosting domestic revenues, cutting spending, or resorting to indebtedness, or a combination of the three.

Nevertheless, he expressed relative optimism about the economic situation in the coming year. He stated that the budget deficit that has been projected is basically in accordance with the 3-Year Plan (some 15 billion bolivares). In addition, about 3 billion bolivares will come from credit obtained through the IDB, to be passed on to autonomous entities.

Minister Hurtado also answered congressmen's questions about other matters besides the budget. With reference to a possible increase in interest rates, he admitted that the administration and the Central Bank are undecided on this measure, in view of the widely divergent opinions it has generated.

"I cannot express an opinion now as to whether or not interest rates will rise," he said.

Moreover, he denied having signed any promissory notes for financing purchases of military equipment, although he did indicate that there is a 5-year program for the purchase of such equipment that is not subject to prior authorization by the Finance Committee, under the latest amendment of the Public Credit Law.

With regard to the balance of payments situation, he stated that it has improved even though \$250 million had to be paid this year on the refinanced public debt, and an additional \$800 million on the non-refinanced foreign debt.

In this connection, he indicated that the balance of payments deficit will be half the \$2.5 billion originally projected for this year.

08926

Government, Private Sector Sign Price Control Agreement

33480048a Caracas EL UNIVERSAL in Spanish
18 Dec 87 p 2-2

[Text] The Economic Cabinet has signed an agreement with the private sector to keep unchanged the prices of raw materials produced by basic enterprises for the purpose of controlling inflation in 1988.

The cost of living for 1987 will be above 36 percent, a "historic record" in modern Venezuela. The only year the level was higher was in 1980, when inflation climbed to 21 percent as a result of the deregulation of prices under the administration of President Herrera Campins.

As a result of this situation, the administration has laid down a series of anti-inflation measures aimed at controlling the prices of primary and intermediate goods in order to exert more control over retailers. In this connection, the second step will be the passage of the Consumer Protection Law, which will grant powers to the National Executive to set the prices of all marketed goods.

According to high-ranking government sources, the first step in curbing any speculative increase is that of "freezing" public service rates and the prices of the basic goods that are under the administration's control.

By setting this example, the government will be requiring that the commercial and manufacturing sectors of production maintain their price levels, since there will be no changes in costs caused by factors such as devaluations or increased rates for services.

The government spokesmen explained that this is not an unrestricted freeze on prices and rates for public goods and services. If necessary, steps will be taken to revise costs, depending on the individual needs of each enterprise.

They recalled that there are various public credit laws that oblige the basic sectors to make payments on the foreign debt in order to finance the expansion of enterprises such as the Aluminum Company of Venezuela, Inc. (VENALUM), the Orinoco Iron and Steel Works (SIDOR), and Caroni Aluminum, Inc. (ALCASA), and the electricity plan of the public sector that is being promoted primarily by Caroni River Electrification Project (EDELCA).

Many of these expansion plans—and their financing—were drawn up on the basis of an increase in the prices of these enterprises' products, for both the domestic and foreign markets.

They explained that the government named a commission, which includes the representatives of the Economic Cabinet, to analyze the costs of the basic enterprises and the rates they charge. The commission's report will be submitted to the president of the republic for his consideration. The initial objective will be to establish a truce between business and government so that the prices of basic and intermediate goods will not go up in 1988, in exchange for greater stability of retail prices. The government does not want to repeat the inflation of 1987, especially not in an election year.

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